

# Future of Work, Future of Social Security – ILO at 100

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UDK: 331.07(100)ILO  
349:341.21

## 1. INTRODUCTION

In 2019, the ILO marks its centenary. It is a unique opportunity to review ILO's achievements and to reaffirm its position in the face of future challenges of the world of work.

The ILO was created in 1919, as part of the Treaty of Versailles that ended World War I, to reflect the belief that universal and lasting peace can be accomplished only if it is based on social justice. The process of drafting the Constitution of the ILO resulted in a tripartite organization, the only one of its kind, bringing together representatives of governments, employers and workers in its executive bodies.

The driving forces for the ILO's creation arose from security, humanitarian, political and economic considerations. The founders of the ILO recognized the importance of social justice in securing peace, against a background of the exploitation of workers in the industrializing nations of that time. There was also increasing understanding of the world's economic interdependence and the need for cooperation to obtain international standards of working conditions.

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\* The author is grateful to Markus Pilgrim, Director, ILO Decent Work Technical Support Team for Central and Eastern Europe, and Christina Behrendt, Head of the Social Policy Unit, Social Protection Department of the ILO, for their helpful comments and suggestions. The views expressed herein are those of the author and do not necessarily reflect the views of the International Labour Organization. Any errors are entirely the author's responsibility.

In 1944, government delegates, employers and workers from 41 countries adopted the Declaration of Philadelphia as an annex to the ILO Constitution. The Declaration constitutes the Charter of the aims and objectives of the ILO. The Declaration sets out the key principles for the ILO's work after the end of World War II. These include that “labour is not a commodity,” and that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity.” In 1946, the ILO became a specialized agency of the United Nations.

After the end of the Cold War, the ILO created an office in Budapest, Hungary in 1993, to focus the need of the member states in Central and Eastern Europe. The ILO Decent Work Technical Support Team and Country Office for Central and Eastern Europe now serves for 18 member countries, including Slovenia, to assist them develop policies and programmes that promote more and better jobs for all women and men. The work of the office focuses on the four strategic objectives of the ILO, promoting rights at work, encouraging decent and productive employment, enhancing social protection, and strengthening social dialogue.

So much for the past. The remainder of this paper will look into the way forward. The first part presents the key priority actions and recommendations of the recently launched report of the Global Commission on the Future of Work. The second part focuses on the emergence of the non-standard forms of employment and discusses the policies to strengthen social security systems to cover these workers.

## 2. TOWARDS DECENT AND SUSTAINABLE WORK FOR ALL

The Global Commission on the Future of Work was established by the ILO in 2017 as part of its Future of Work Centenary Initiative. The Commission has produced an independent report “Work for a brighter future” (Global Commission 2019). The report was launched in January 2019 and will be submitted to the Centenary session of the International Labour Conference in June 2019.

The report of the Global Commission on the Future of Work outlines the steps needed to achieve a future of work that provides decent and sustainable work opportunities for all. The report calls for **a human-centred agenda for the**

**future of work** that strengthens the social contract by placing people and the work they do at the centre of economic and social policy and business practice. This agenda consists of three pillars of action, which in combination would drive growth, equity and sustainability for present and future generations:

The first priority for action is to **increase investment in people's capabilities** so that they can take advantage of the opportunities ahead. It is not about adjusting people to fit into a future landscape or to invest in them as human capital. But a bolder vision that prepares people to realize their full potential so that they can take advantage of the opportunities that lie ahead. It adopts a life-cycle approach to human development, focussing on policies that are enabling over the entire life-course. The following recommendations are made:

- *A universal entitlement to lifelong learning* and the establishment of an effective life-long learning system.
- Stepping up investments in the institutions, policies and strategies that will *support people through future of work transitions*, to realize a life-long active society.
- Making gender equality a reality through a *transformative and measurable agenda for gender equality* for the future of work.
- Providing *universal social protection* from birth to old age through strengthening the contributory social security schemes and ensuring a basic social protection floor to everybody in need.

The second priority is to **increase investment in the institutions of work**, including regulations, employment contracts, minimum wages, collective agreements, labour inspection systems and representative organizations of workers and employers. These are the building blocks of just societies. We need to strengthen the institutions that assure the dignity of work. This is also key to addressing widespread economic insecurity, reducing inequality and forging pathways to formalization. The recommendations include:

- *Establishing a Universal Labour Guarantee* that ensures that all workers, regardless of their contractual arrangement or employment status, enjoy basic guarantees such as fundamental rights, wage, and working conditions.
- *Expanding time sovereignty* to take advantage of technological developments in work organization to give workers greater autonomy to achieve a better work-life balance, while meeting the needs of business.

- Ensuring and revitalizing *collective representation of workers and employers through social dialogue*.
- Harnessing and managing *technology in support of decent work and a “human-in-command” approach to technology*.

The third priority is to **increase investment in decent and sustainable work**. Major investments are needed to shape and guide the on-going transformations to create decent work. Countries must prioritize long-term, sustainable investments that favour human development and protect the planet, in line with the UN 2030 Agenda for Sustainable Development. The recommendations are:

- Prioritizing *investments in transformative areas* of the economy, such as the rural economy, the care economy, the green economy.
- *Reshaping of incentives* to encourage long-term investments in the real economy, to move towards a *human-centred business and economic model*.

The reduction of inequality and advancement of social justice are global issues requiring global solutions. It is hoped that the recommendations made by the Global Commission can inform and stimulate discussions about multidimensional issues of the future of work.

### **3. SOCIAL SECURITY FOR NON-STANDARD EMPLOYMENT – EMERGING CHALLENGES**

Europe has been experiencing a growing diversification in working arrangements, as exemplified through the decline of “standard employment” (namely, work that is full time, indefinite, as well as part of a subordinate relationship between an employee and an employer), and the growing number of workers in “non-standard forms of employment.”

The ILO distinguishes four types of non-standard employment. They are: (i) temporary arrangements (fixed-term contracts and casual work), (ii) part-time and on-call work, (iii) temporary agency work or other multiparty employment arrangements, and (iv) disguised employment relationships and dependent self-employment. In addition, an important recent development is the rise of workers in the “platform economy” (also called the “gig economy” or “crowdwork”), namely work mediated through online web platforms. Workers in the platform economy

are often considered as independent contractors, yet they share many features with employed workers.

According to the Eurostat data of 2014, 58 percent of the employed population of EU-28 were in standard employment, while 12 percent were temporary employees, 20 percent were in part-time employment, and 16 percent were self-employed.

The emergence of non-standard forms of employment can entail serious challenges for decent work, in particular when employment in non-standard arrangements is not voluntary. In 2014, 62 percent of European workers replied that they were in non-standard employment because they could not find a permanent job (ILO 2016). An important concern is its implications on workers' representation and other fundamental rights at work. Workers in non-standard employment may lack access to freedom of association and collective bargaining rights, either for legal reasons or because of their more tenuous attachment to the workplace.

Moreover, non-standard forms of employment can have a variety of effects on all aspects of working conditions, including employment security, wages, working time, occupational safety and health conditions, work organisation, work-life balance, opportunities for training, as well as social security coverage. In particular, they have raised questions about how social security systems, including social insurance and tax-financed social benefits, can adapt to these changes.

What are the social security challenges of non-standard employment? In most social security systems, coverage rates of workers in non-standard arrangements are lower than those of workers in standard employment due to statutory provisions that impose thresholds on minimum tenure, earnings or hours, or simply exclude some workers outright (such as casual work). Even if workers are eligible, their benefit levels can be insufficient because of lower wages and shorter contribution periods due to their intermittent attachment to the labour market (ILO, 2016, 2017). Social security coverage of workers in crowdwork is low and inversely related to the individual's dependence on crowdwork – namely, workers who are mainly dependent on crowdwork are more likely to be unprotected (See Berg *et. al.* 2018).

The ILO Social Protection Floors Recommendation No. 202, adopted in 2012, calls for ILO member states and social partners to establish and maintain social

protection floors comprising basic social security guarantees, as part of their comprehensive social security systems. The guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and to basic income security, which together secure effective access to goods and services defined as necessary at the national level. At the same time, Recommendation No. 202 calls for progressively ensuring higher levels of social security to as many people as possible, guided by the Social Security (Minimum Standards) Convention, 1952 (No. 102) and other ILO social security instruments. By the beginning of 2019, Slovenia has ratified Convention No. 102, as well as the Employment Injury Benefits Convention, 1964 (No. 121) and the Maternity Protection Convention, 2000 (No. 183).

How can social security systems adapt to these challenges? In Europe, the existing contributory social security schemes are playing a core role in the national social security system. The following policies have been identified to extend social security coverage to workers in non-standard forms of employment and in self-employment (ILO, 2016; Behrendt and Nguyen, 2018).

First, social insurance coverage for temporary, part-time and other workers can be improved by lowering the legal thresholds regarding the minimum duration of employment, minimum hours worked and by ensuring equal coverage across different forms of employment.

Second, social insurance coverage should also be extended to the categories of workers who are previously outside the scope of compulsory coverage, such as casual workers and self-employed workers.

Third, access to social security systems should be enhanced, for instance, by simplifying administrative procedures of registration and contribution payments, enhancing access to information about individual entitlements, and enacting measures to maintain the entitlements between different social security schemes.

Fourth, compliance and collection of social security contributions should be improved. For instance, measures should be taken against the tendency to misclassify workers as self-employed to avoid social insurance contributions.

In addition, non-contributory, tax-financed benefits also play an important role in filling the gaps and ensuring a basic level of income security especially for those who are not covered or not sufficiently covered by contributory mechanisms. In the area of health protection, tax-financing is essential for national health services and for subsidizing health insurance contributions for low-income workers and

dependent family members. While there has been a discussion on the possibility of introducing an unconditional universal basic income, there are still many open questions regarding its acceptability and feasibility (See also Ortiz *et. al.* 2018).

By taking into consideration these policies, countries should further strengthen their social security systems to cover workers in all types of employment, as agreed in the European Pillar of Social Rights in 2017.

It is often argued that population aging renders social security systems unsustainable or that government expenditure cuts are inevitable during economic downturns. But fiscal space for jobs and social security exists in all countries even in the poorest countries. In order to scale up social security systems and to achieve the Sustainable Development Goals, countries should explore, through national dialogue, all possible options to generate resources for public investments for human rights, jobs and social security.<sup>1</sup>

#### 4. CONCLUDING REMARKS

In the face of future of work challenges, forging a new path requires committed action on the part of governments, employers' and workers' organizations by reinvigorating the social contract with support from the ILO and relevant multilateral organizations. All stakeholders must take responsibility for building a just and equitable future of work, as well as for maintaining a well-functioning social security for all.

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<sup>1</sup> The recent study by ILO, UNICEF and UNWOMEN (Ortiz *et. al.* 2017) have identified eight financing options: (i) Re-allocating public expenditures; (ii) Increasing tax revenues; (iii) Expanding social security coverage and contributory revenues; (iv) Lobbying for aid and transfers; (v) Eliminating illicit financial flows; (vi) Using fiscal and foreign exchange reserves; (vii) Managing debt: borrowing or restructuring existing debt; and, (viii) Adopting a more accommodative macroeconomic framework. All of these options are supported by policy statements of the United Nations and international financial institutions.

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