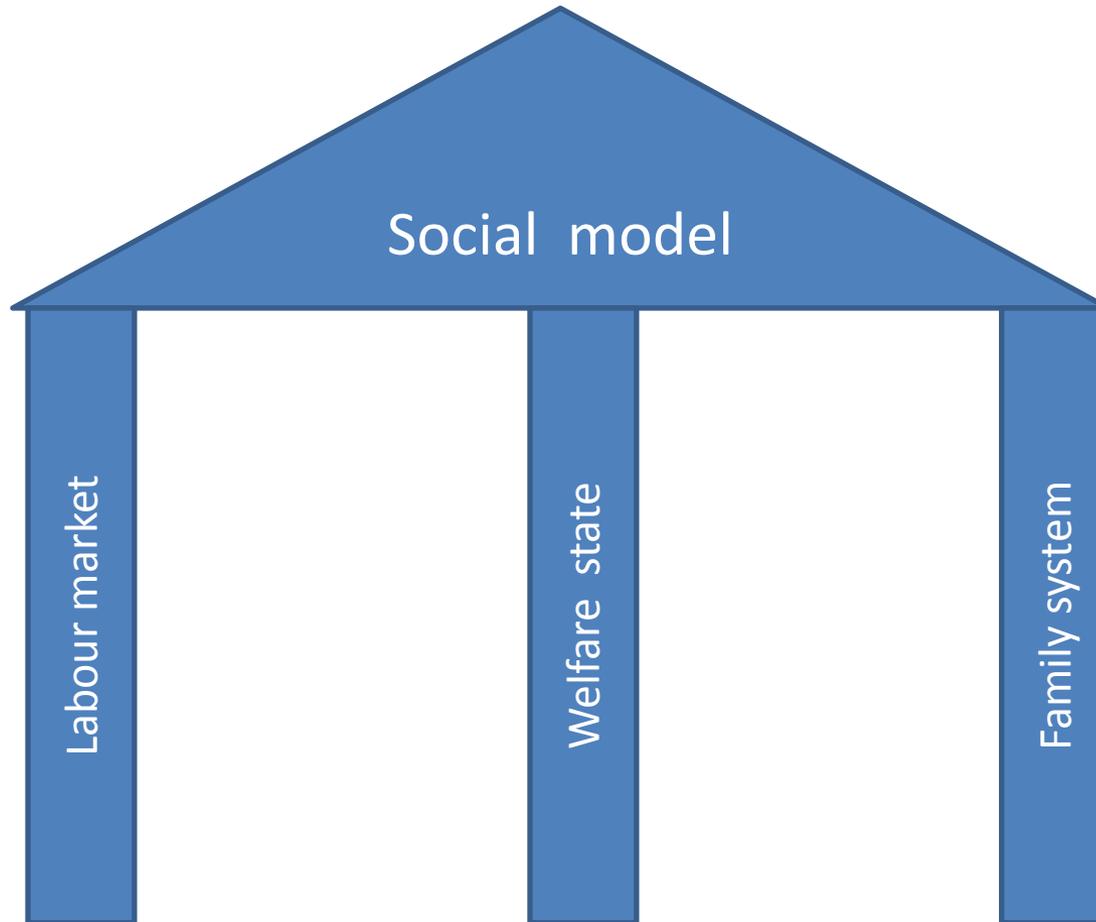


**FRAGMENTED FUTURES:
RETHINKING THE CONDITIONS FOR
INCLUSIVE LABOUR MARKETS.**

Jill Rubery

**European Work and Employment Research
Centre, Manchester Business School,
University of Manchester.**

The three pillars of the social model



Fragmented Futures

Fragmented futures

- **Fragmented work**-fragmented organisations/ fractured employment relationships
- **Fragmented family, social and personal life**- more diverse and fractured households and family relationships

Fragmentation requires more **social glue**- more state support to bind employees/citizens together to create a cohesive and inclusive labour market and society

But capacity/willingness of national state to provide that glue is declining and type of glue needs to change.

From traditional work to fragmented work

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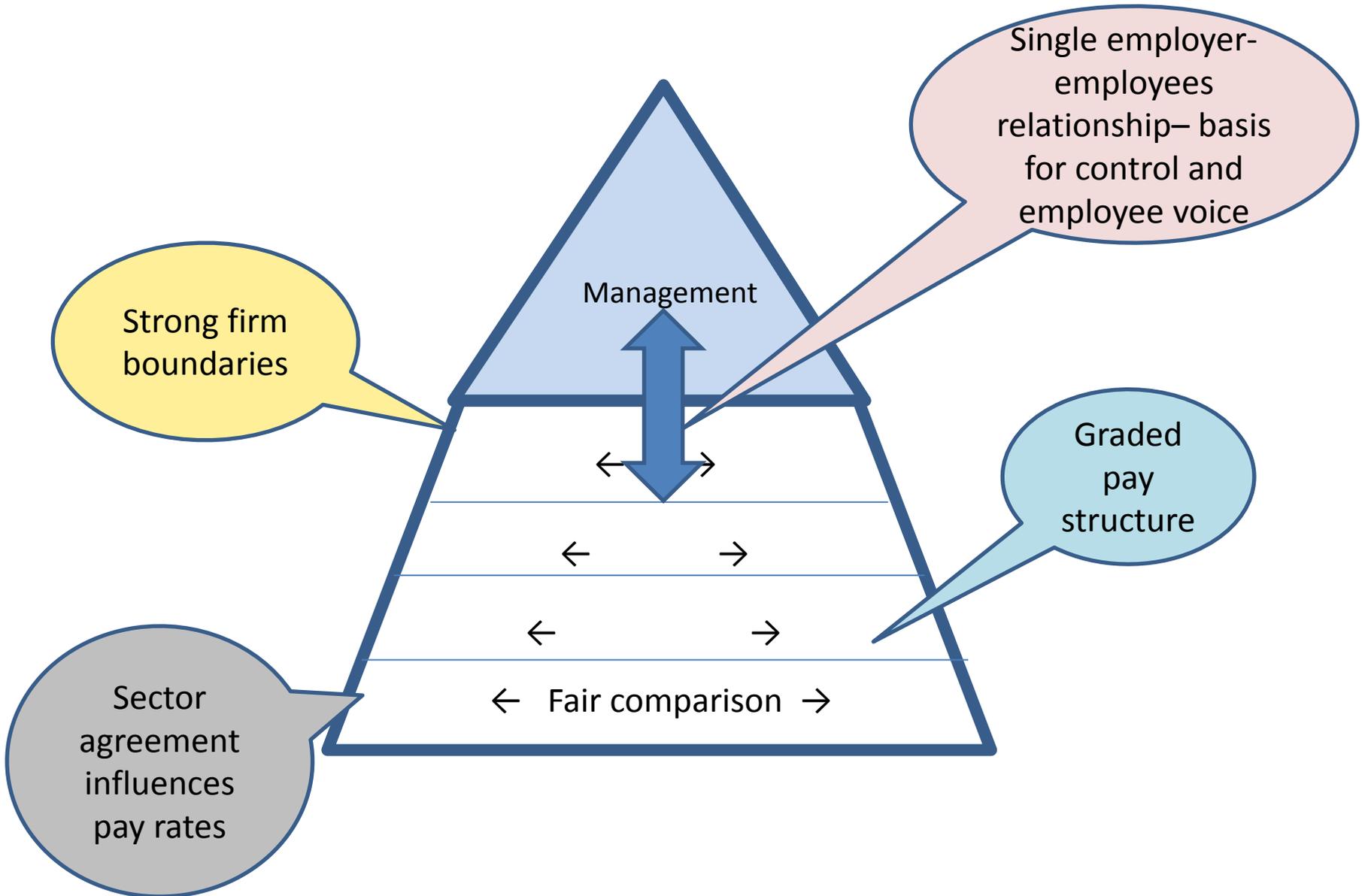
Traditional employing organisation

- Vertically integrated
- Strong organisational boundaries- control of work and conditions by single employer (not client/subcontractor)

Traditional or standard employment relationship

- Standard open ended employment relationship
- Employer provides security of employment and income and responsible for training/redeployment, career opportunities
- Transparent and collective procedures for setting pay and conditions - internal 'fair' comparisons and external sector agreements, minimum wages etc.
- Institutionalised employee voice/ collective regulation at industry and/or organisation level

Traditional employing organisation



Fragmentation in work

Experience of employment under traditional model

- Direct employer- employee negotiations and control
- Cohesive intra-firm communities- transparent/ordered/fair relationships

But **only inclusive for those in employment and with access to education/training-**

(more exclusion of women, migrants, those with non standard work histories etc)

From traditional to fragmented work

Networked employing organisations

- Global production networks
- offshoring or outsourcing
- joint ventures/public private partnerships
- labour supply agencies
- service commissioners not providers

Permeable organisational boundaries-

- *ever present threat of outsourcing/offshoring/ relocation*
- *variations in pay for same job*

Examples:

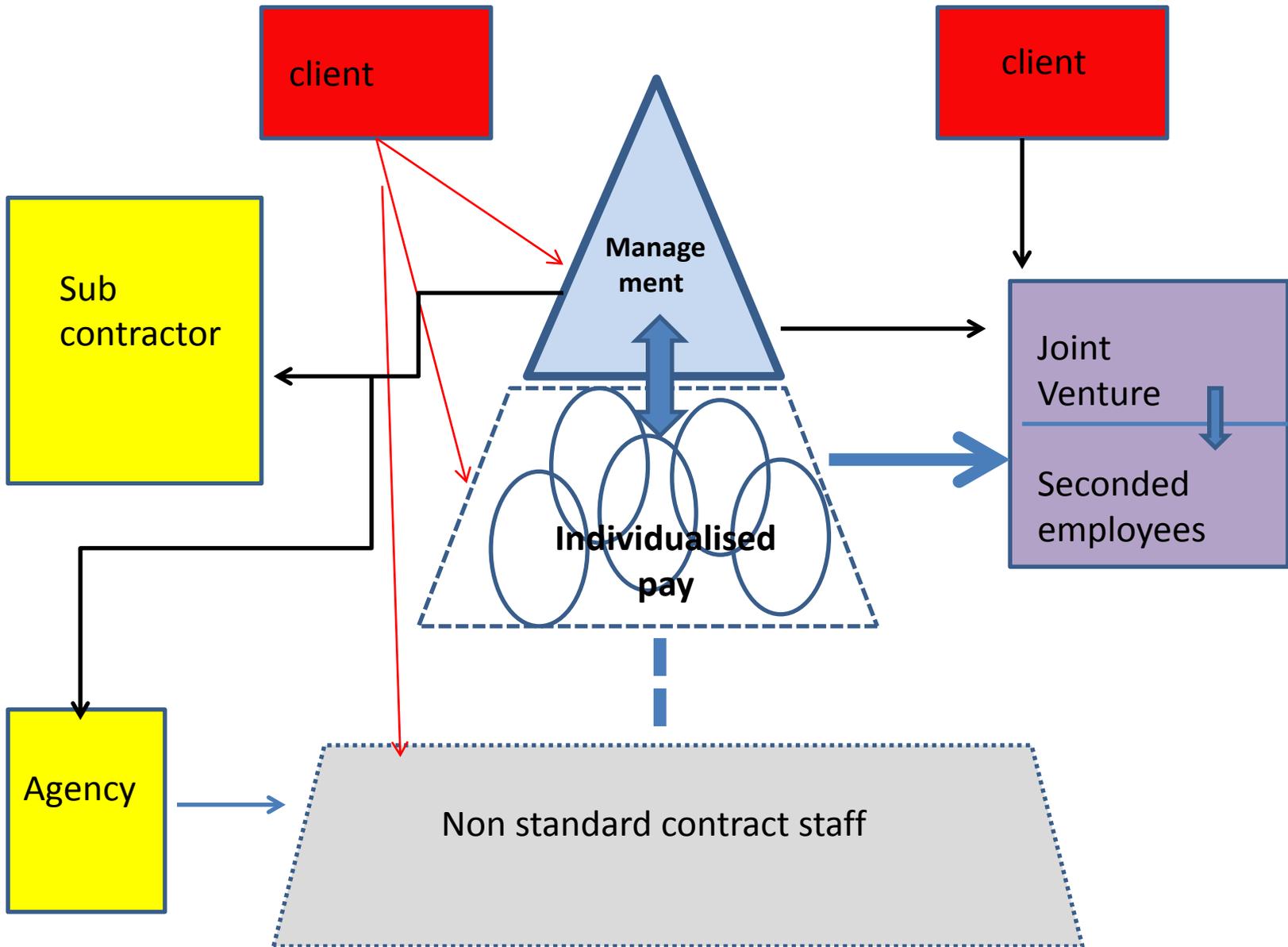
Germany

- low cost outsourcing fuelled by lack of national minimum wage-
- Konzernstadt-term for variety of ownership structures used to deliver public services in municipalities.

UK

- High level of outsourcing and public/private partnerships
- Many examples of paying different rates for same job even within same company

Networked employing organisation(s) and fragmented employment relationships



Fragmented employment relationships

- Variety of employment contracts, statuses and working time
- Individualised or variable pay- (overlapping pay by grade/seniority etc)- end to fair comparison
- Employee voice/ collective bargaining still organised around single stand alone employer and industry-level bargaining— temps/seconded staff excluded, negotiations ineffective if the client dominates the value chain and subcontractors outside the industry .

Experience of employment under fragmented work

- Fracturing of employment communities
 - loss of identity (Who is the employer? What happens to the public sector ethos?)
 - loss of organisational commitment (sold on by employer/ managed by clients)
- Fracturing of careers ladders

Change at micro level linked to wider macro trends

Long term trends

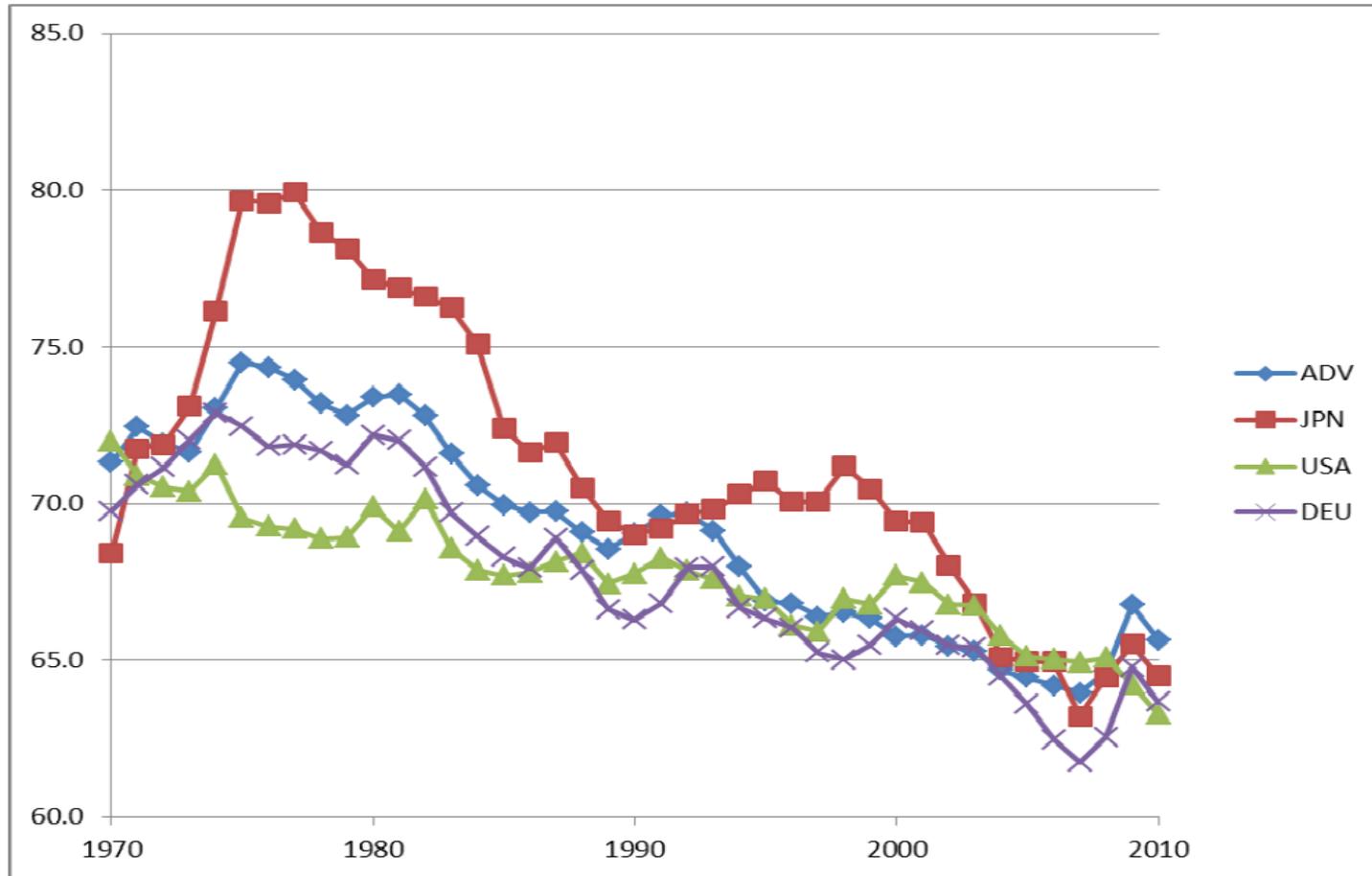
- Declining wage share and rising inequality - fragmentation reduces power to protect wages in the middle
- Some tendencies towards polarisation in job quality - US and some parts of Europe – mixed but intensified in recession
- More diversity in jobs/contracts and labour supply- more included in labour market but more marginalised within labour market

Decline in *capacity of employment system* to provide secure income and employment

- Compositional change
- Change in employer responsibilities for
 - skill development
 - income security- sickness, pensions, parental leave
 - paying full costs of labour – subsidies through in work benefits in many countries
 - maintaining fair procedures and fair comparisons

Long term decline in wage share in advanced countries

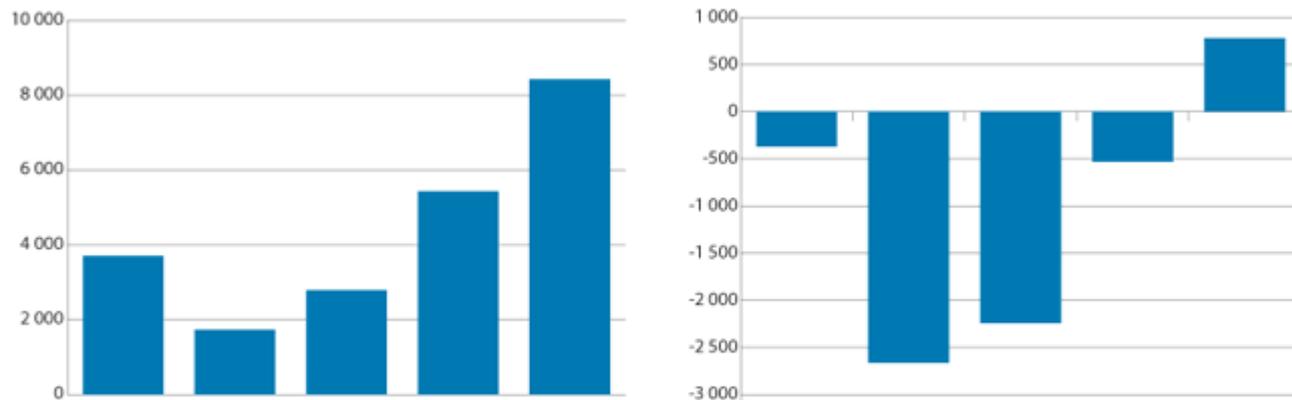
Figure 1. Adjusted wage shares in advanced countries, Germany, the USA and Japan, 1970-2010



Note: ADV stands for unweighted average of high income OECD countries (without South Korea)²

Polarisation in job quality increasing in recession in EU

Chart 3: Changes in EU employment levels by wage quintile, 1998–2007 and Q2 2008—Q2 2010q (thousands)

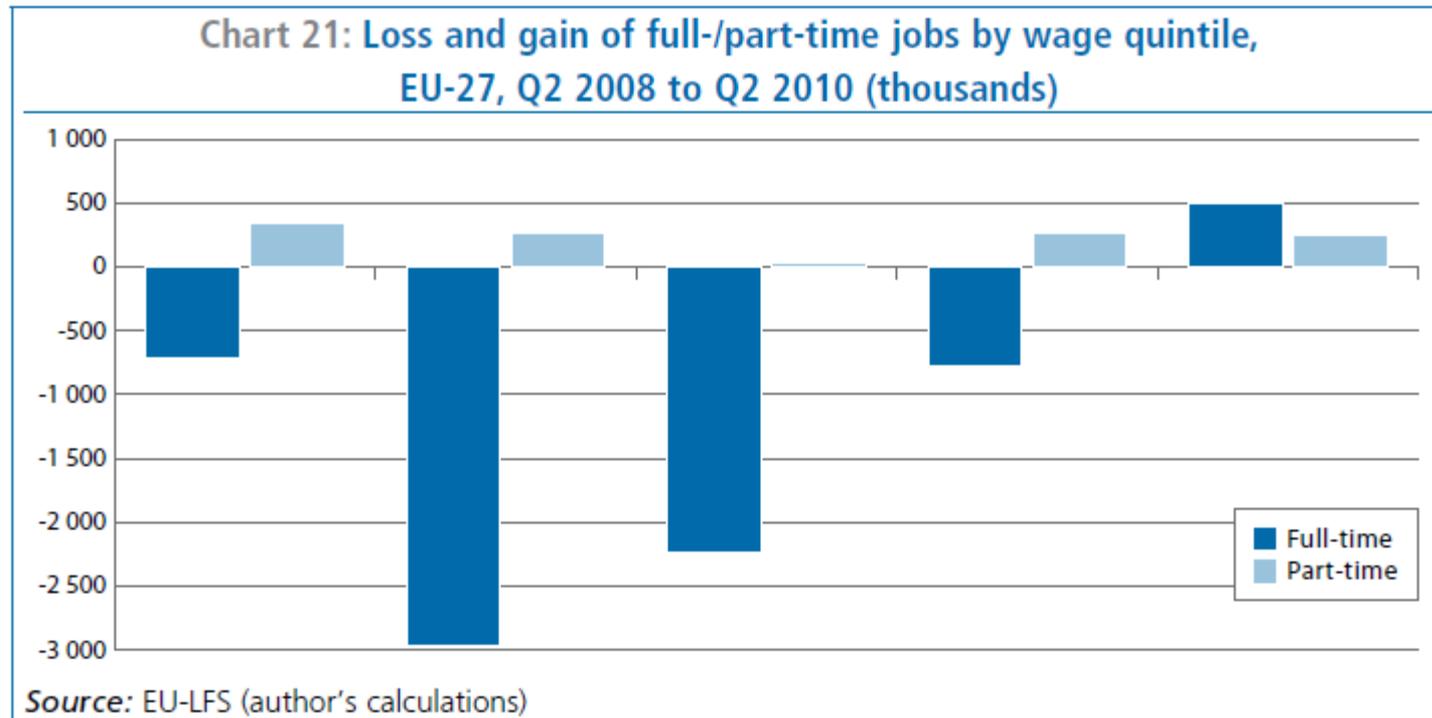


Note: The two charts are broadly comparable in terms of the method used to generate them, but the 1998–2007 chart is based on the original EU job project's job-wage rankings, which relied on various EU data sources (2000–2002, see Stehrer and Ward, 2008 for details) using the older NACE classification (Rev. 1.1) and for only 23 Member States. Bulgaria, Poland, Malta, and Romania were not included due to unavailability of data. Inclusion of data from these countries is unlikely to have significantly altered the overall pattern observed, however, as they accounted for less than 15% of total EU-27 working population in 2000.

Source: EU LFS (authors' calculations), Fernández-Macías (2010)

Source: ESDE 2011

Further growth in non standard employment in recession



Source: ESDE 2011

Fragmented family, social and personal life

In wake of labour market and demographic changes family is also being asked to do more

- Support longer school to work transition
- Support transition to independent adult households- housing plus jobs
- Cope with lower employment security
- Cope with increasing care needs for growing elderly population

And generally compensate for cutbacks to welfare

Median age of young people leaving home

	1995		2005	
	Men	Women	Men	Women
Austria	25	23	24	23
France	24	21	24	22
Germany	24	22	23	21
Greece	29	25	30	27
Hungary	26	24	28	25
Italy	29	26	30	27
Spain	29	27	29	27
Sweden*	na	na	21	20
UK	23	20	24	20

Source: Anxo et al. 2010

Reduced capacity/ willingness of families to provide support or individuals to accept support

New social order

i) Change in gender roles and lifecourse

- Women- less able to be supported due to decline in male breadwinner jobs/ rising divorce but also fewer want to be dependent/ pursuing own career

ii) Change in partnerships/ union formation

- Youth- many end up in complex families- or with sole parents- may not accept support

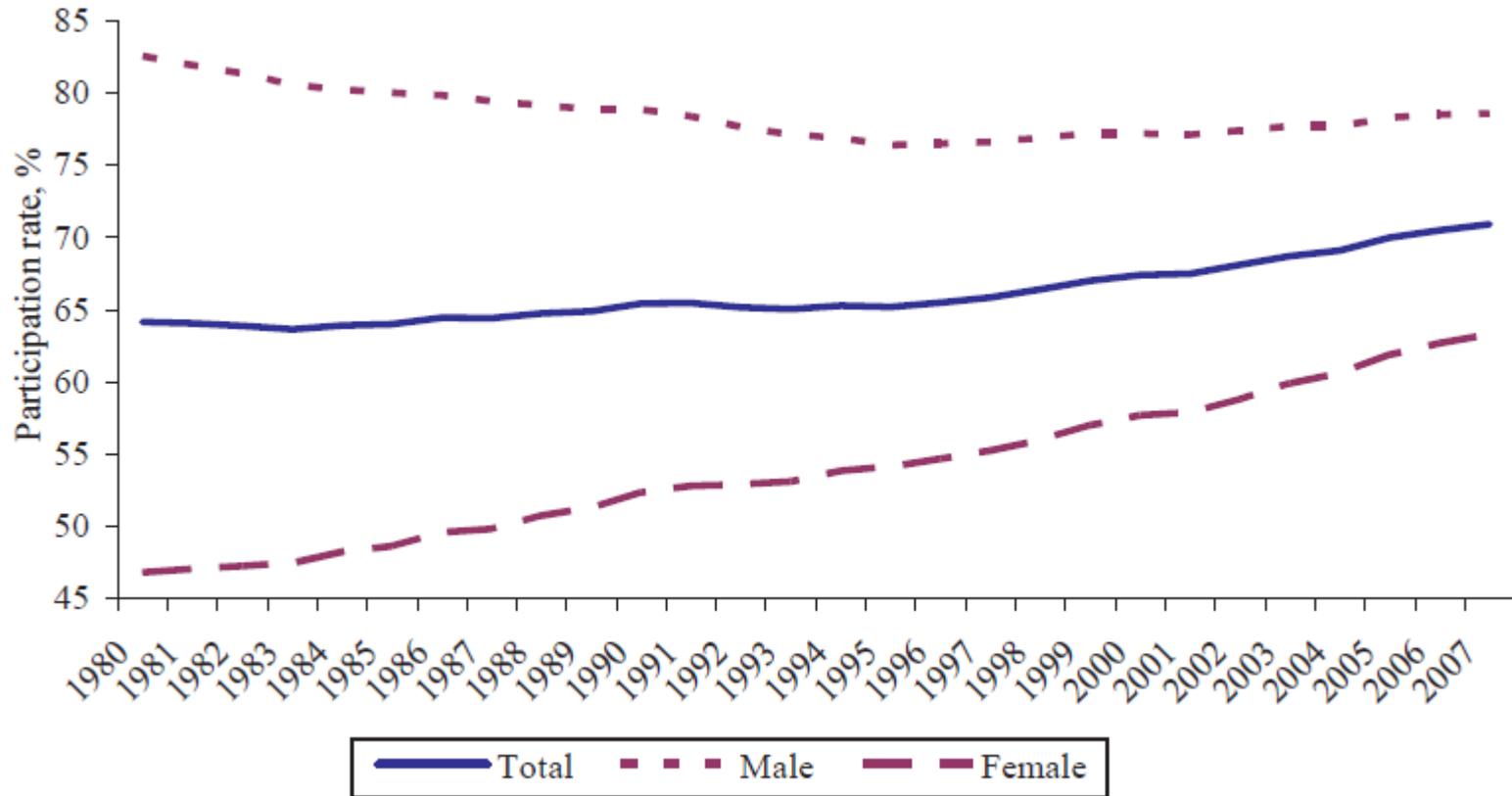
iii) Change in intergenerational relations

- Elderly- more living alone and at a distance from family- may also value independence from family

iv) Rising inequalities

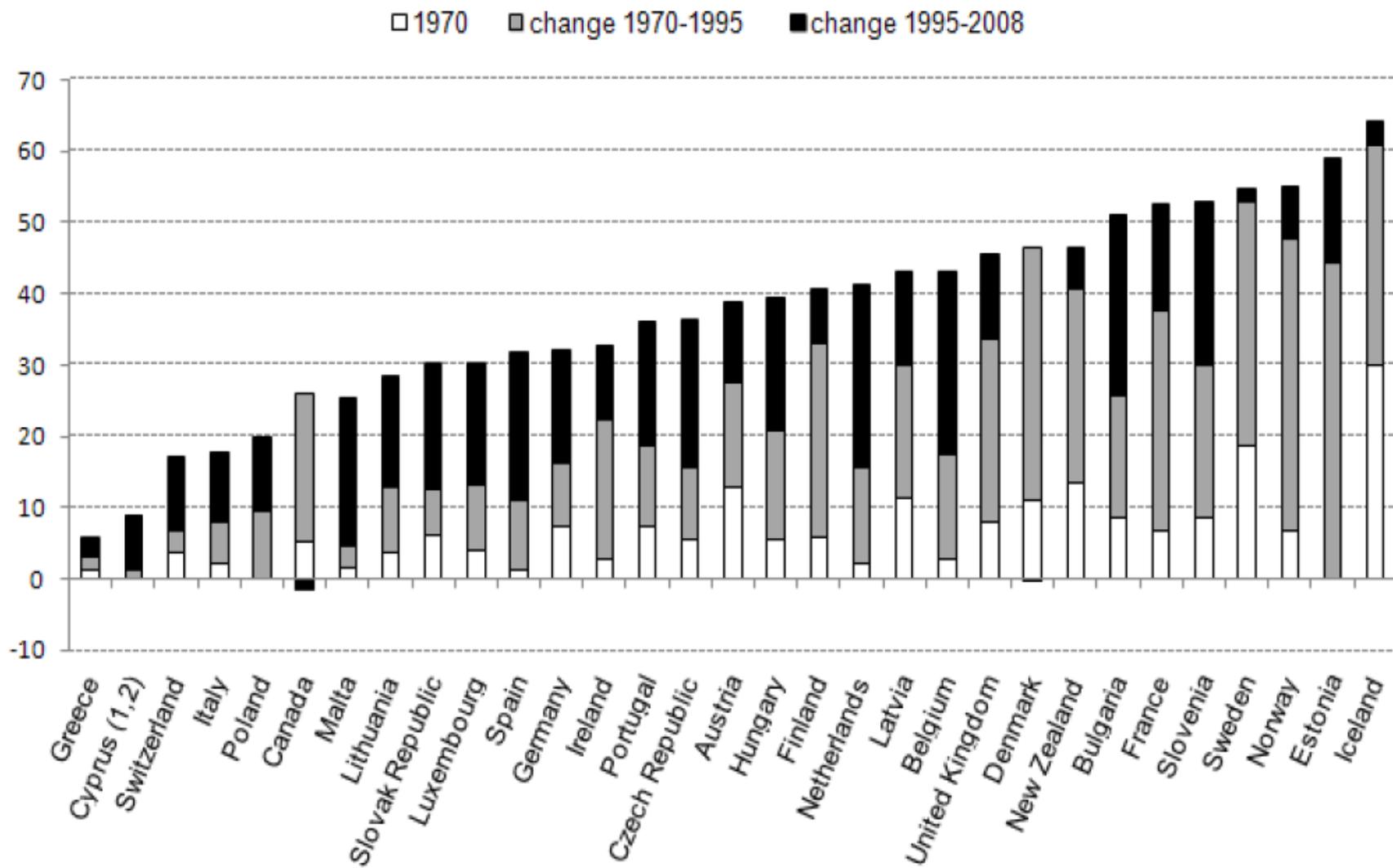
- widening inter household income inequalities reduce capacities of poor households

Participation rates by sex in the Euro area EA12



Source: Balleer et al. 2009 ECB working paper

Changes in the proportion of births out of wedlock from 1970 to 2009



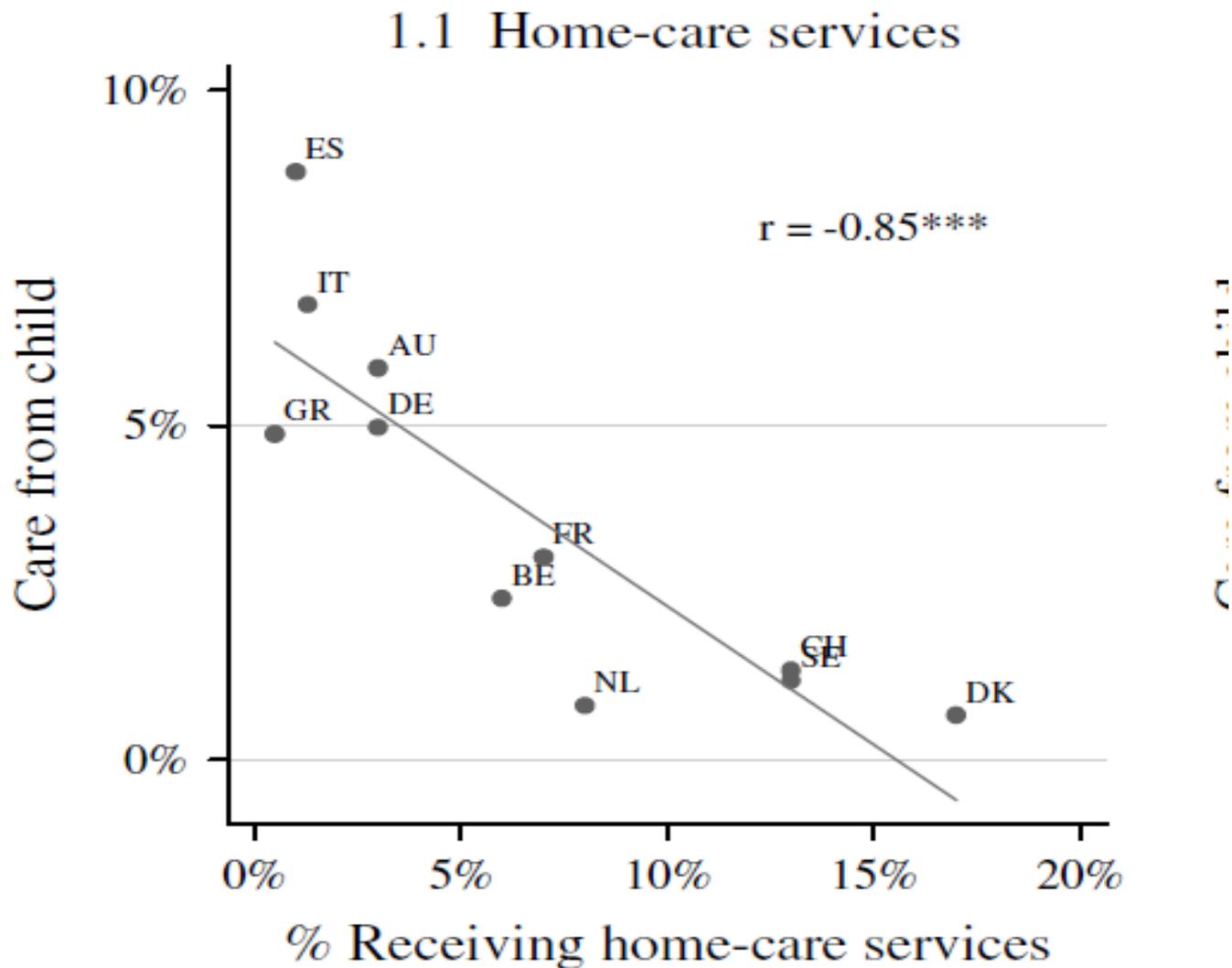
Source: OECD family database

Living arrangements for children aged 0-14 2007 in selected OECD countries

	Both father and mother in same household	Neither father nor mother in same household	Father in same household	Mother in same household
Germany	82.0	0.0	1.7	16.6
Finland	95.2	0.2	0.4	4.1
France	79.5	0.6	2.9	17.0
Greece	93.6	0.2	0.8	5.4
Latvia	64.9	2.7	2.2	30.2
Hungary	82.0	1.0	1.3	15.7
Sweden (2005-0-17)	78.0	0.0	4.0	18.0
UK	68.9	1.1	2.4	27.6
US (0-17)	70.7	3.5	3.2	22.6

Source: OECD family database

Relationship between care from child and receipt of home care services in European countries



Source Haberkern and Szydlik 2009

Outcome if increase reliance on family

- Reinforcement of widening class divides – education/housing support from rich households
- Increase in random negative effects- linked to fractured families/ geographical isolation etc.
- Potential negative effect on fertility and new family formation

Changing labour markets, families and lifecycle leading to new demands on state

- More education and youth active labour market policies
- More childcare support
- More in-work benefits- compensating for low wages from employers
- More pensions

Conflicting pressures on the state

Need for more intervention but also facing reduced capacity/ willingness to actively intervene

- Dominant **ideology**- neoliberalism
- **External control** by EU/IMF/ credit markets
- **Declining fiscal base**
- **Demographic challenge**
- Ideology, constraints plus **inertia/blindness** lead to search for ***cheap quick solutions***
 - i) Call on family despite decreasing capacity
 - ii) Ignore change in gender roles
 - iii) Blind to employers passing responsibilities to state –instead blame workers

Rethinking the conditions for inclusive labour markets

Need an **active** state , an **inclusive** labour market and **empowered** individuals

An active state

- *Precondition must be to address **declining wage share, declining fiscal base and rising inequality**- (anti tax evasion, new taxes on wealth and financial transactions, higher minimum wages and control of housing markets)*
- *Policies to be **countercyclical not pro-cyclical** - consider Eurozone unemployment insurance etc.*
- *Develop **social investment role** for state- support over key life stages (investing in education, training, childcare costs, supporting shared parenting, non age discrimination law, partial retirement)*
- *Promotion of **harmonisation and transparency** in employment (more inclusive standard employment relationship, social citizenship policies, more requirements for transparency)*

Asymmetry in strength of employment protection for regular and temporary employees 2008

Difference in regular minus temporary employees EP scores	Employment protection (EP) regular employees		
	Strong =>2	Medium =>1<2	Weak <1
Stronger for regular =>1	Czech Republic, Germany	Canada, Iceland, Netherlands	
+0.25- +0.99	Austria, Korea, Finland	Australia, Denmark, Japan, Hungary, Israel, New Zealand, UK	
Roughly equal +0.24 - -0.24	Chile	Italy, Switzerland	USA
Weaker for regular -0.25- -0.99	Belgium, Greece, Norway		
=< -1	France, Luxembourg, Mexico, Turkey		

Source : OECD indicators on employment protection. Own calculations

Rethinking the conditions for inclusive labour markets

Creating more inclusive labour markets

1) Address fragmentation/complexity of employment relationship by

- developing **new communities for bargaining-** *across the supply chain, within locality (living wages) and internationally/cross country*
- allowing for factors **other than costs in outsourcing-** and for re-internalisation (scrutiny through social dialogue)
- reducing incentives to fragmentation through **higher and more inclusive wage floors** – minimum wages and national agreements – sector and supply chain
- promoting **a flexible standard employment relationship**

2) Re-establish employment obligations on employers for development and access to employment

- implement **anti-age discrimination legislation**
- **training levies**
- **higher minimum wages**
- **transparency regulations**
- increased licence to practice schemes with **opportunities for second chancers.**

Rethinking the conditions for inclusive labour markets

Empowering individuals

Empower individuals with diverse characteristics and lifecourses to engage with inclusive labour market-requires **attention to care roles**.

- Specific incentives for fathers' leave
- Link rights to citizenship (broadly defined – not to family or solely employment history - combine work and care periods for entitlement)
- Second chance training and recruitment opportunities- implement age discrimination legislation for prime as well as younger and older ages
- Rights to flexible working time to meet care needs not only employers' needs- rights for predictability and rights to work free time

Gender equality: empowerment within inclusive labour markets

