

Inequalities, Covid-19 and the world of work: The dangers of too much informal and precarious work for society

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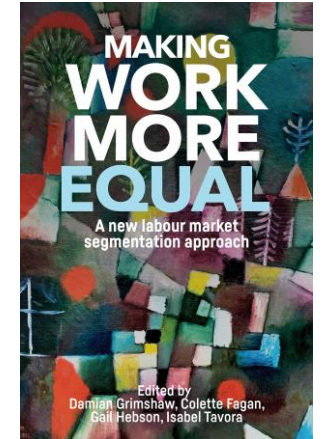
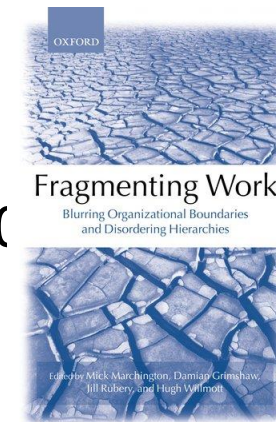
Professional background



The University of Manchester

European Work and Employment Research Centre

- 1998 – 2017 University of Manchester academic
 - Director of EWERC (2005-2016)
 - Co-Founder, Deputy Director of Work and Equalities Institute (2005-2016)
 - Research on gender inequalities, low pay, outsourcing
 - European and international research (EC, OECD, ILO)



- 2018-2019 Director of Research, ILO Geneva

- WESO Trends Flagship report
- Global Commission report
- ILO Research Strategy 2020-23



- Since 2020 King's College London



Evidence from around the world suggests a problematic dynamic between high inequalities and societal resilience

- 1. High inequalities in income, job security, working conditions, employment prospects and social protections expose the livelihoods of many workers & families to risk**
 - Too many people with zero savings, poor housing, low social protection, irregular income
 - Too few high value-added sectors and businesses to support transformative innovation and economic growth

Evidence from around the world suggests a problematic dynamic between high inequalities and societal resilience

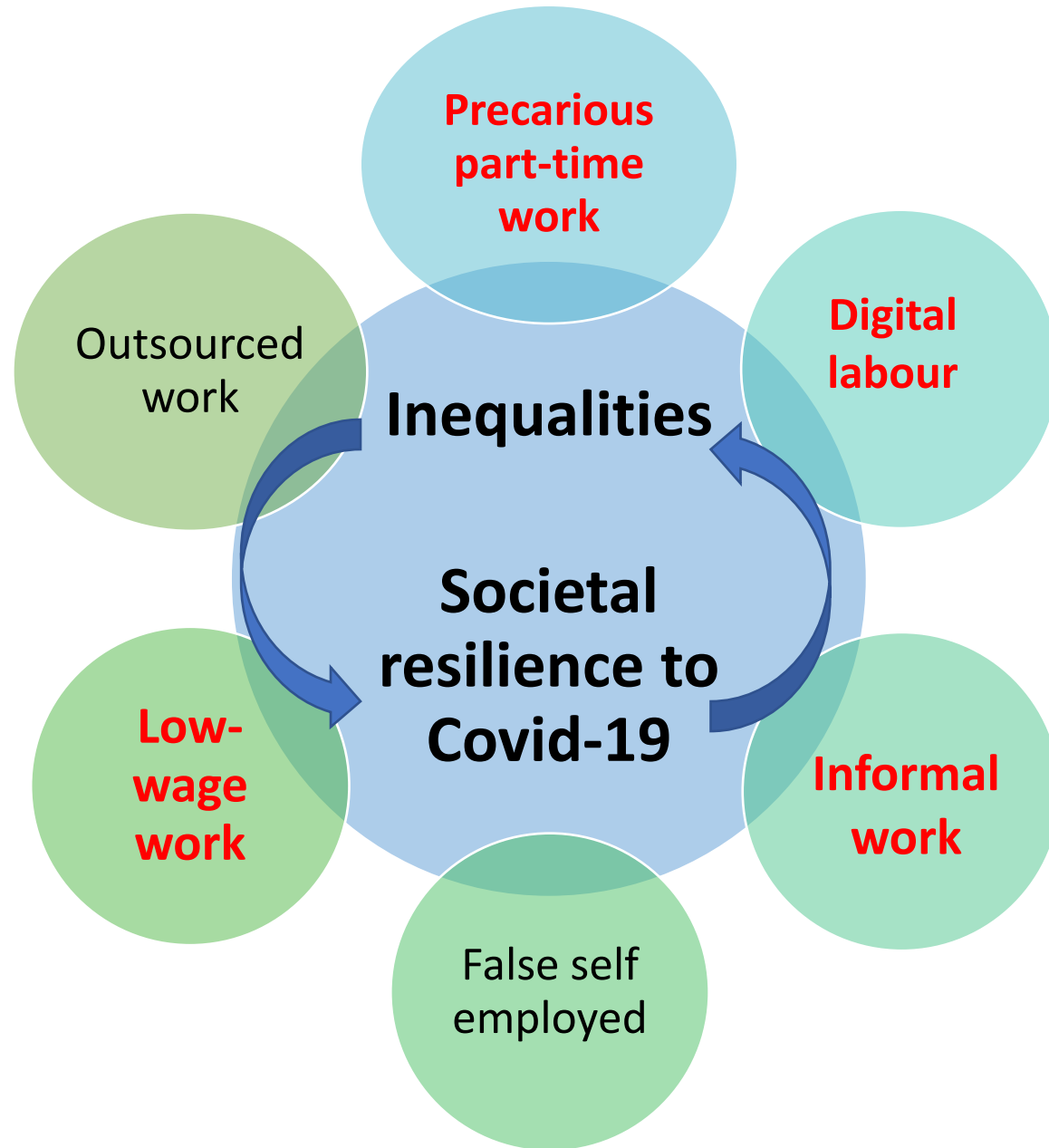
2. **These high inequalities diminish the ‘resilience’ of many countries to adapt to external shocks**

- *Elinor Ostrom* defines resilience as founded on robustness, adaptability and consensus-building
 - a) **Unequal robustness** – some countries, localities and groups of workers more able to absorb shocks than others
 - b) **Fragmented adaptability** – some firms, sectors more able to adjust, reorganise and transform *relatively quickly* in response to shocks, others less able
 - c) **Weak and patchy social dialogue** – some positive evidence of social dialogue responses but many gaps in **building** effective and inclusive consensus-building processes for sustainable change

Evidence from around the world suggests a problematic dynamic between high inequalities and societal resilience

3. The economic consequences of Covid-19 have **amplified pre-existing inequalities** (within and among countries) and **created new lines of division** among workers
 - Major danger of countries and local economies becoming trapped in **'Inequality Feedback Loops'**

Evidence from around the world suggests a problematic dynamic between high inequalities and societal resilience

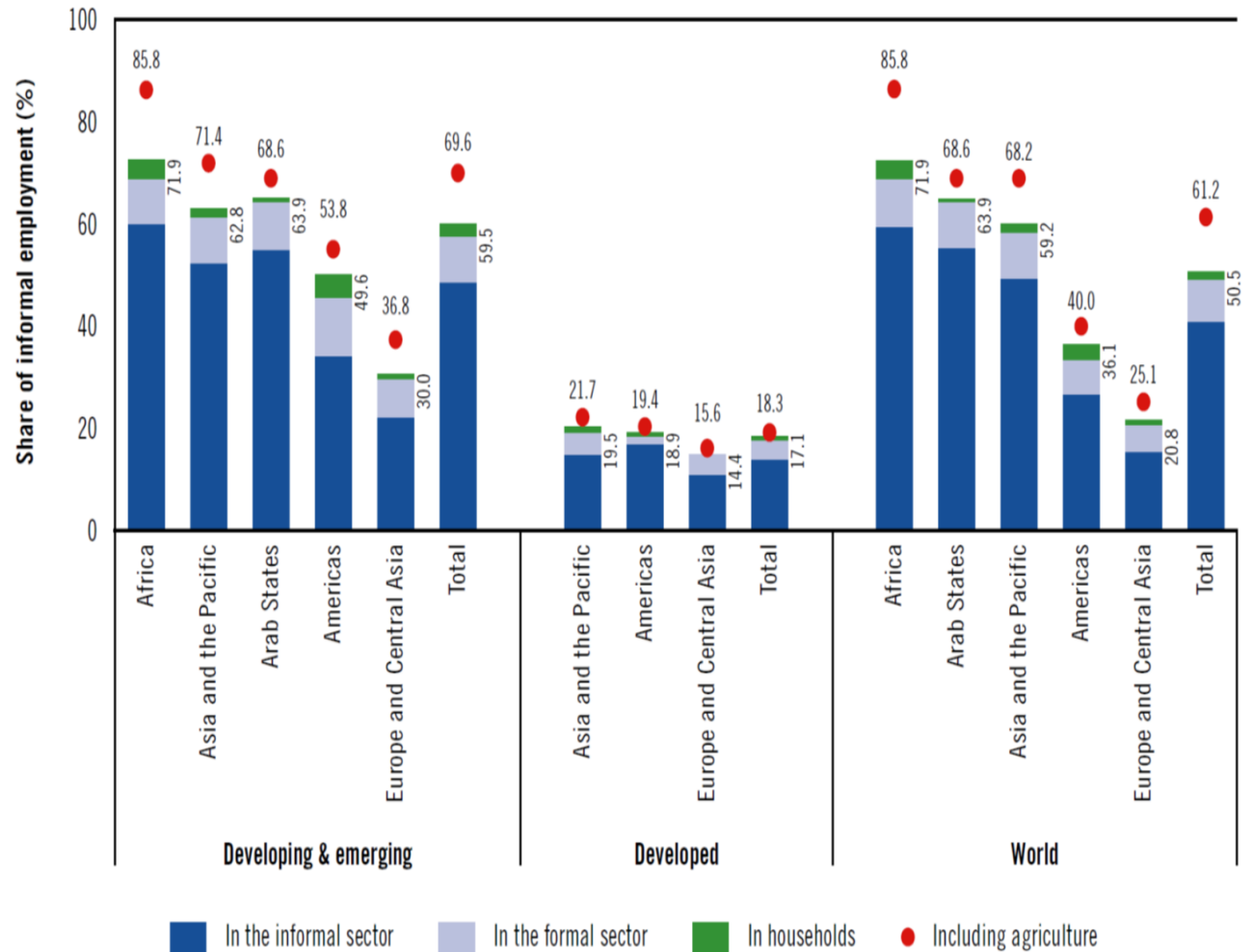


Sources of evidence and ideas:

1. Paper for the Expert Group Meeting of the UN Department of Social and Economic Affairs 'Informal and precarious work: persistent inequalities exacerbated by the global pandemic'
<https://www.un.org/development/desa/dspd/2022egms/employment-decent-work-for-all.html>
2. Journal article (lead author Jill Rubery, with me, Philippe Mehaut and Claudia Weinkopf 'Closing protective gaps for part-time workers' *European Journal of Industrial Relations* (forthcoming)
3. ILO (2021) *Inequalities and the World of Work*. High level discussion paper co-authored with Patrick Belser for the International Labour Conference 109th Session, 2021
https://www.ilo.org/ilc/ILCSessions/109/reports/reports-to-the-conference/WCMS_792123/lang--en/index.htm

Informal work

- 2 billion workers in informal work
- 61% of global workforce, but higher in developing and emerging economies
- Informal work is highly varied (own-account workers, family workers, casual wage earners, etc)
- Informal work is precarious (low/irregular income, insecure, unprotected)
- Co-dependence of formal and informal work (local/ national/ global) in contemporary economic development

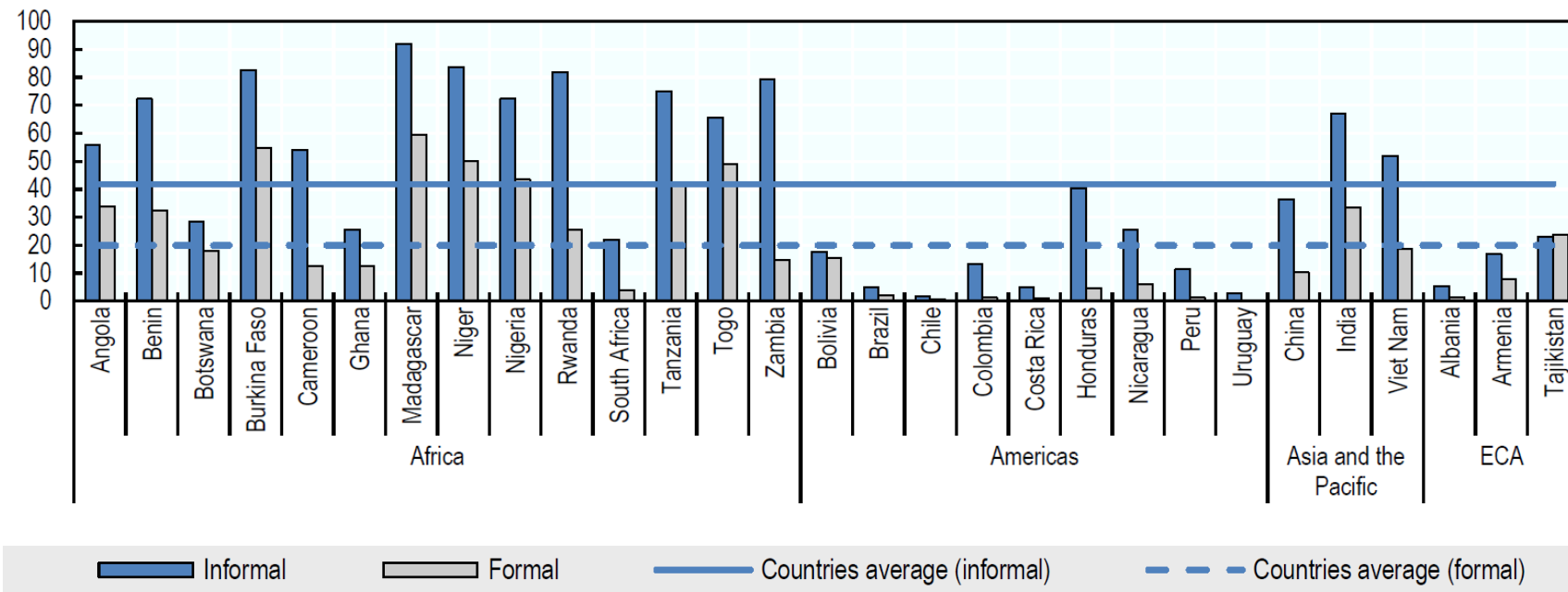


Source: ILO (2019: figure 1.3)

People in informal work face multiple and large inequalities versus formal workers

- **In-work poverty:** 2 x risk of formal workers

Figure 3. The percentage share of working poor in formal and informal work (\$US3.10 per day, PPP)



Source: OECD/ILO (2019: Figure 3.1A) [Tackling Vulnerability in the Informal Economy](#), Development Centre Studies, OECD.

People in informal work face multiple and large inequalities versus formal workers

- **Excessive working hours (48+ pw):** largest inequality in Europe and Central Asia (28% informal vs 15% formal)
 - Presents serious health and safety risks, worsens quality of 'life outside work'
- **...and very short hours (<20 pw):** largest inequality in Africa (18% vs 3%)
 - associated with under-employment, poverty and precarity

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- **Collective representation:** globally, 2% of own-account workers are union members vs 17% of wage earners; inequalities highest in Western Africa and Southern Asia (ILO 2022)

Some workers in informal work are worse off than others...

Jobs, and the quality of the jobs, do not exist independently of the people who occupy them (Rubery 1978)

Inequalities of work are suffered most by groups in a relatively disadvantaged socio-economic position

- Gender:** Higher shares of women in informal work in low and lower-middle income countries
- Higher shares in more precarious and unsafe forms of informal work
 - Double earnings gap with male formal workers (29% gap with M informal work, 47% gap with male formal work)
 - Violence and harassment limit women's employment participation (e.g. contributing family workers, care workers, domestic workers)

Some workers in informal and precarious work are worse off than others...

Disabilities:

- Over-represented in informal work
- Specific obstacles to participation result in low employment rates (36% vs 60% globally)
- More likely to be in precarious work (in formal sector)

Indigenous peoples:

- Over-represented in informal work (86% vs 66%)
- Contributes to higher risk of extreme poverty (9% of global population but 19% of the extreme poor)
- Face discrimination in work and education

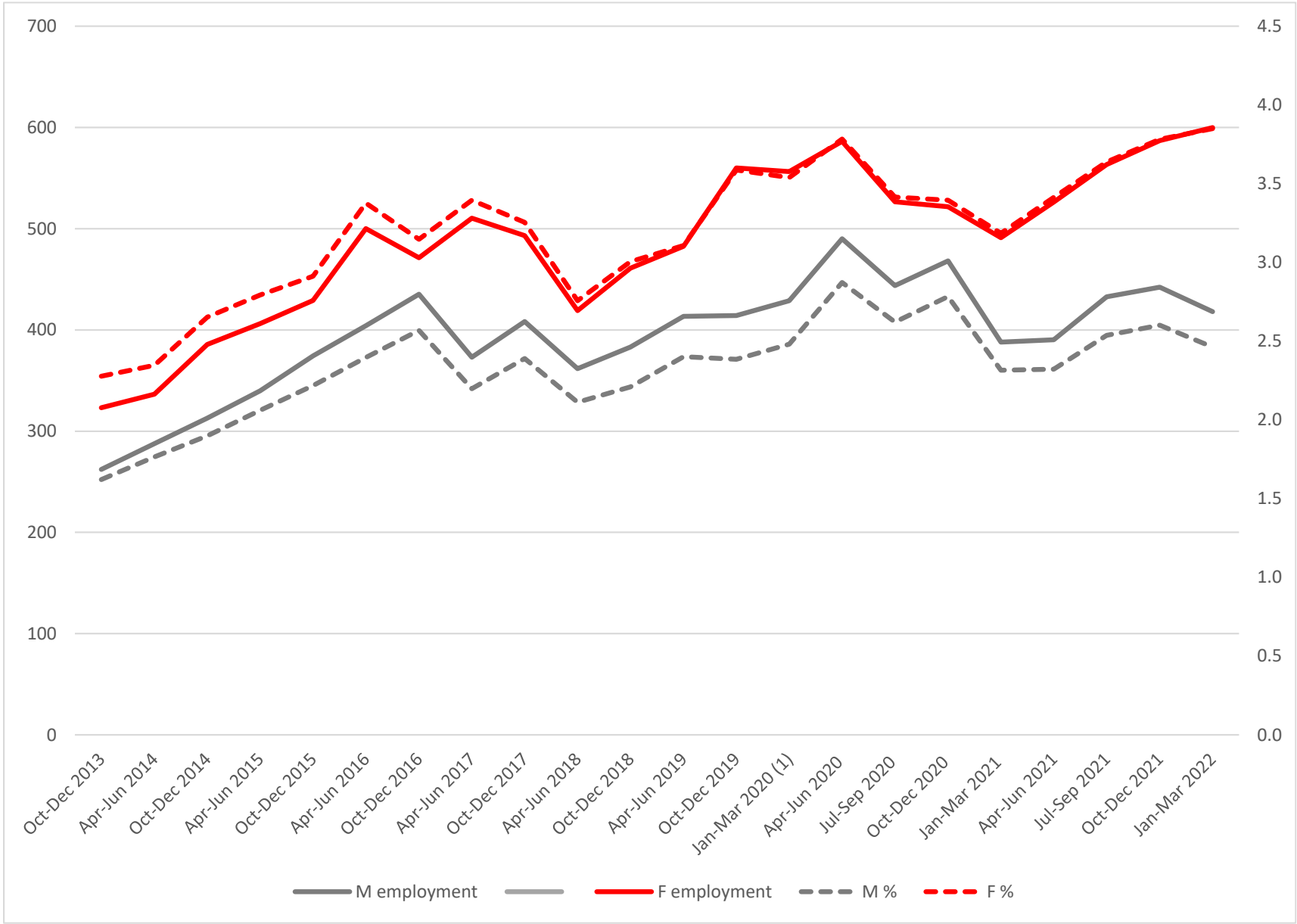
Precarious Part-time work

Not all part-time work is precarious, but the UK has a high share of workers in precarious part-time work compared to other countries

We define precariousness as ‘distance from the standard employment relationship (SER)’

- Importance of SER lies in its contribution to ‘decommodifying labour’ (Bosch 2004), essential for absorbing external shocks
- SER can be associated with any employment form (full-time, part-time, permanent, temporary, etc)
- Substantive protections (worker rights, social protection, freedom of association) underpin security and stability of work

UK trend rise in Zero Hours Contracts - higher for women



Source: ONS data May 2022

Non precarious

Precarious



Reduced hours working
France, Germany, UK

Long part-time
France

Medium to long part-time
Germany



Very short fixed term contracts
France

Mini jobs
Germany



Short to long part-time
UK

Zero hours contracts
UK

UK: Part-time work and quality of working life during/after Covid-19?

	Pay security	Social protection	Security of working hours
	<ul style="list-style-type: none"> - Rising hourly minimum wage - 'Worker' status provides rights to MW & holiday pay 	<ul style="list-style-type: none"> - Relatively generous pension care credits 	<ul style="list-style-type: none"> - Holiday pay based on actual pay and hours over 12 paid weeks - Limits to unpaid breaks at place of work
	<ul style="list-style-type: none"> - Low weekly pay (short hours work and irregular hours) - Many employers treat ZHC as false self-employed without worker status (CIPD) 	<ul style="list-style-type: none"> - No social protection for low paid (approx. 2 million workers, TUC 2020) limits sickness protection - Strict eligibility for social protection 	<ul style="list-style-type: none"> - No hours protections outside of collective agreements (no guaranteed hours/ scheduling notice/ minimum shift) meant part-timers lost hours during Covid-19

UK: Part-time work and quality of working life during/after Covid-19?

	Equal opportunity	Fair treatment
	<ul style="list-style-type: none">- Right to request flexible working allows retention of SER	<ul style="list-style-type: none">- Relatively similar union membership (21% part-time vs 24% full-time)- Some positive pro-part-time trade union campaigns and successes (e.g. Unison Ethical Care Charter)
	<ul style="list-style-type: none">- Many women in reduced hours part-time jobs experience limited opportunities ('mommy tracks')- Sex segregation in the private sector meant women over-represented in locked-down sectors	<ul style="list-style-type: none">- No formal rules for part-timers' trade union representation- Concentration in weakly unionised sectors reduces ability to benefit from union protection during Covid-19 (only 3% union density in hospitality sector)

Low-wage work

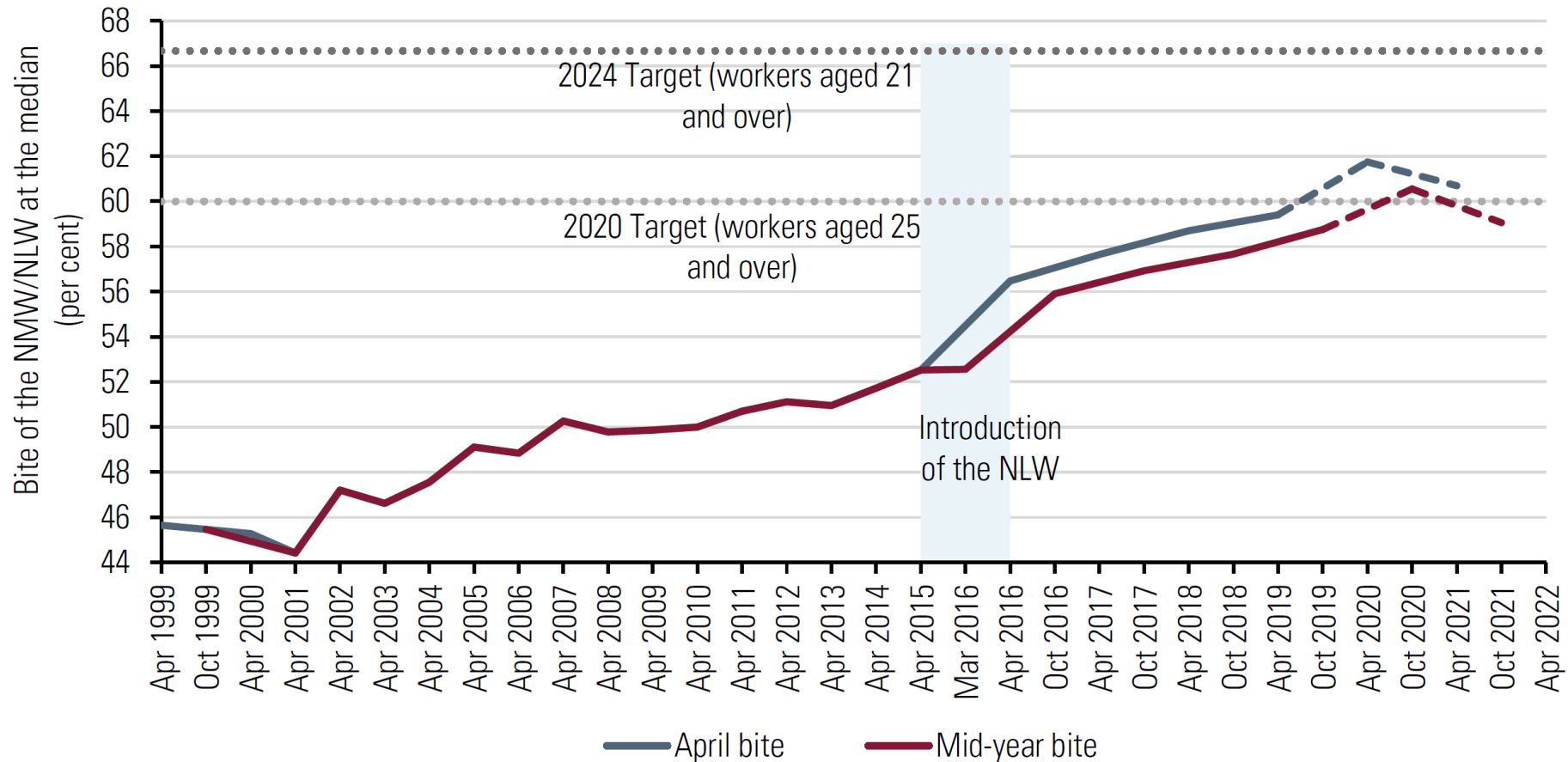
The UK pre Covid-19

- Despite a higher statutory minimum wage and record employment rate, **1 in 8 workers were in poverty** (14.7% in 2017-18, upwards trend*), caused by underemployment, limited pay progression, benefit cuts and housing costs



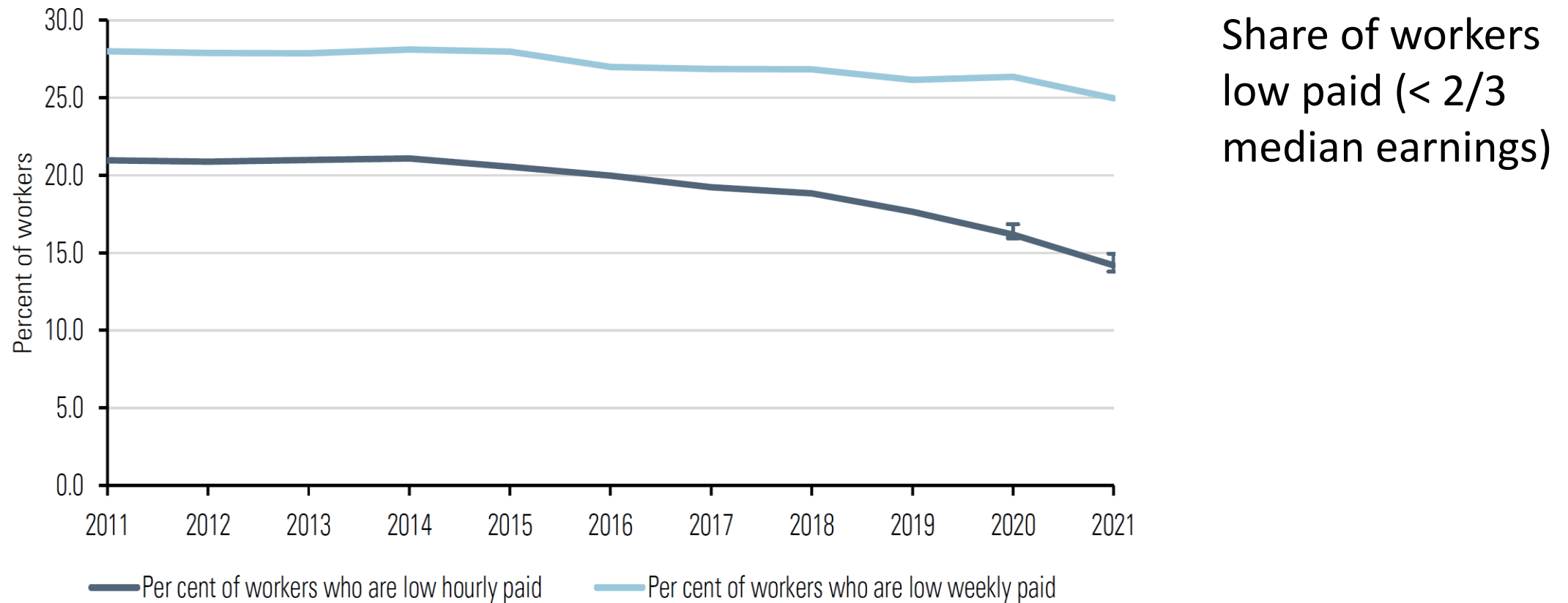
*Innes, D. (2020) 'What has driven the rise of inwork poverty?', Joseph Rowntree Foundation.

Considerable success at raising the national minimum wage relative to median earnings



Source: Low Pay Commission (2021) Figure 5.1

But the UK has a problem of disconnect between a fair minimum wage policy and unfair working time



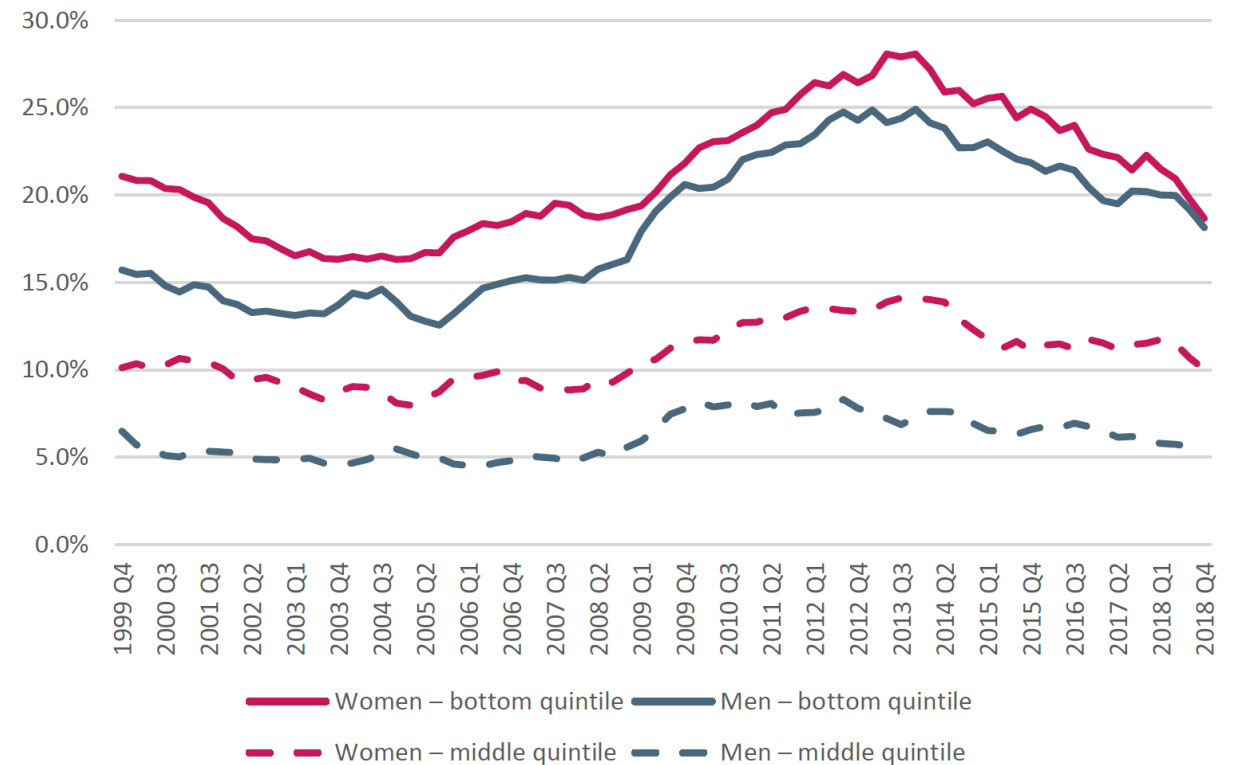
Source: Low Pay Commission (2021) Figure 3.11

Pre-Covid
underemployment
very high (although
falling) for lowest paid
workers

Source: Innes, D. (2020) 'What has driven
the rise of inwork poverty?', Joseph
Rowntree Foundation

Underemployment: 'would like to work
more hours in their current job'

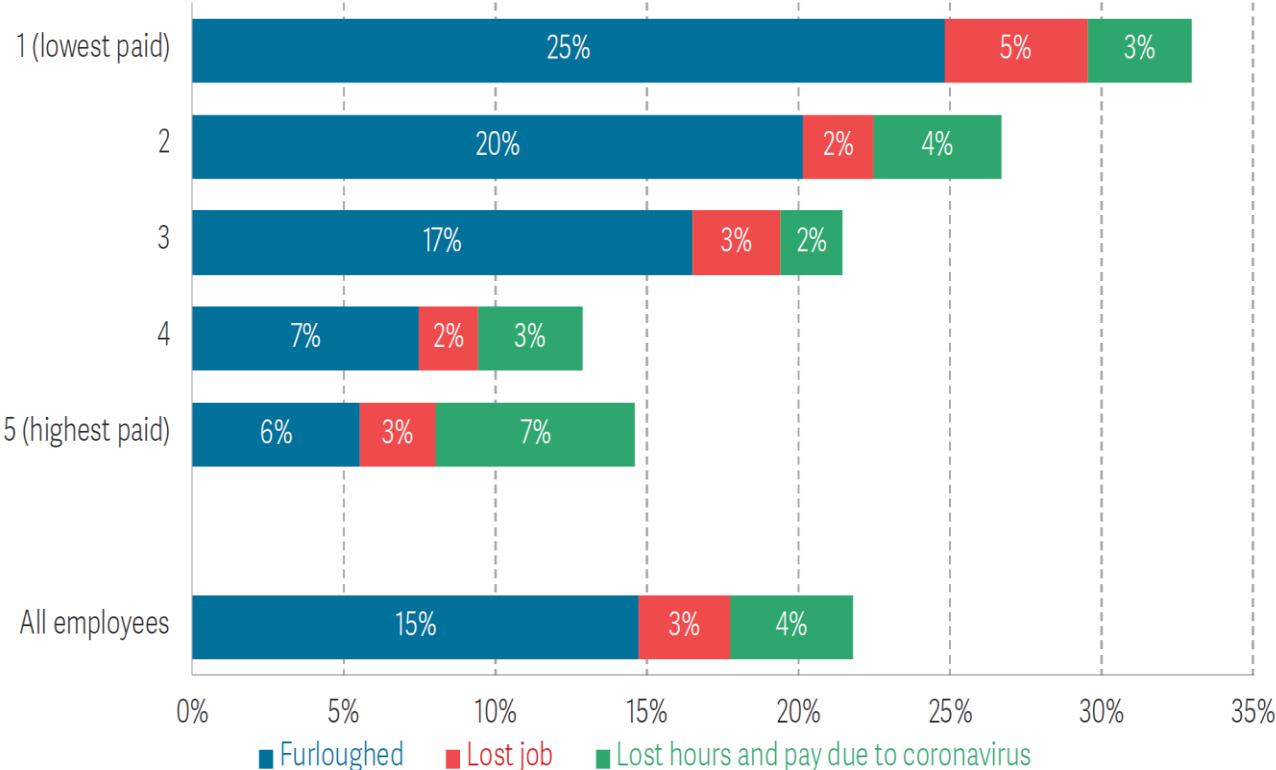
Percentage of workers underemployed, UK



Covid-19 impact?

- Poorest workers more likely to lose jobs and hours of work*
- Lockdown measures target low paying, feminised sectors
- Income losses pushing households into poverty

Proportion of employees who have experienced job changes since the coronavirus outbreak, by employee earnings quintile prior to the outbreak: UK, 6-11 May 2020



*Resolution Foundation (2020) 'A new settlement for the low paid'

Such evidence is repeated internationally:

More exposed than high paid by working in locked-down sectors:

- Closed sectors on average are ranked as low paying across Europe – far worse paid than teleworkable sectors (Fana et al. 2020)
- The poorest workers were most likely to lose employment and income during Covid-19

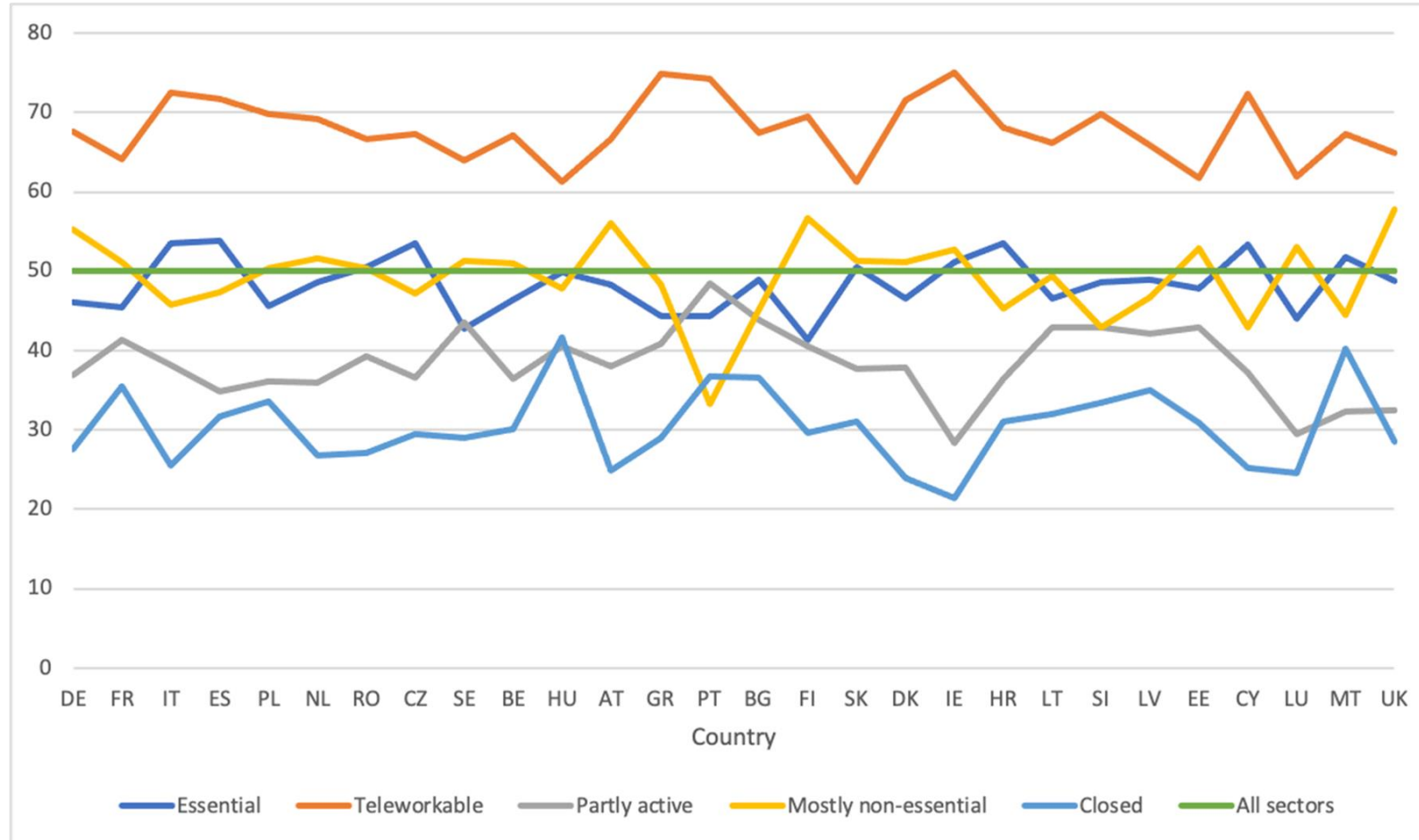
More likely to work in essential sectors than high paid workers

- Take huge health and safety risks but often no access to paid sick leave and healthcare
- In US, 90% high earners (top quartile) have paid sick leave, compared to less than 50% of bottom quartile earners (EPI data)

Migrant workers and women workers are concentrated in low-wage work, therefore more exposed to risks of job and income losses than native workers and male workers

Average wage percentile of jobs in five categories of sectors, EU member states

(0 lowest wage, 100 highest wage)



Source: data sourced from Fana, M., Pérez, S.T. and Fernández-Macías, E. (2020). 'Employment impact of Covid-19 crisis,' *Journal of Industrial and Business Economics*, 47(3), pp.391-410, Table 11.

Digital labour

Varieties of digitalisation (logistics, pricing, customer profiling, work flow, communications, etc.)

- Upgraded 'high-cognitive tasks' for blue-collar workers to monitor production processes (manufacturing)
- Algorithmic performance management (white-collar manufacturing, retail)
- Digitised sales and logistics (retail)
- "Smart" maintenance (manufacturing)
- Blockchain supplier tracking (manufacturing, retail)
- Outsourcing of tasks to subcontractors, temp agencies or digital platforms (manufacturing)

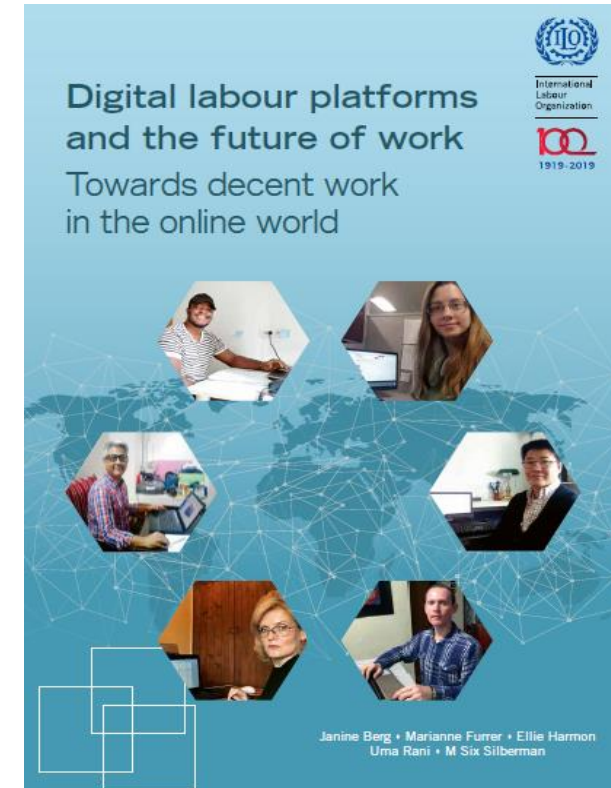
No evidence (as yet) on job loss effects

- Analytical rebuttal of the economists Autor and Acemoglu and others to the **over-hyped job loss forecasts**
 - (thanks to the positive feedback loops caused by productivity effects, capital accumulation effects and new jobs/tasks)
- Revised thinking picked up by the World Bank, UNIDO, UNDP, ILO, OECD
 - 'Automation can be leveraged to create new tasks'* (UNDP)
 - 'It is impossible to put a figure on the level of job displacement'* (World Bank)

But highly varied effects on job quality

Digital ‘microtask work’ represents one end of the spectrum:

- Fast-growing global microtask platforms (Amazon Mechanical Turk, CrowdFlower, Clickworker, Microworkers, Prolific)
 - [E.g. https://www.mturk.com/](https://www.mturk.com/)
- A microtask platform provides business clients access to a “crowd” of online workers to complete short, **mostly simple tasks paid by the piece**
- Digital platform work is collapsing geographical barriers – global online labour pool (World Bank)
- But exerts a ‘downwards skill bias’ (work tends to be ‘boring’ and ‘mindnumbing’, ILO 2019)



Digitalisation can fuel precarity

Risk of *'management by algorithm'* – digital surveillance, bias in recruitment and job allocation decisions, customer discrimination against gig workers (Kellogg et al. 2020, Kotkin 2019, Prassl 2019)

- ILO calls for workers to have the right to ownership of surveillance data and for new governance rules for *'algorithmic accountability'*

Risk of false self employment – limited freedoms to set earnings rate, hours of work, work clothing, choice of clients, ownership of transactions data

- *'While crowdwork is a product of technological advances, it also represents a return to the past casual labour in industrialised countries, and in developing countries it adds to the casual labour force'* (UNDP)

Job crafting can reduce downside risks

Evidence from Nordic countries on digitalisation of work:

- *“We are not replacing people because in total we have enough bodies. I am sure of that. But they are just in the wrong places. ... [as a result of the changes] one, we have become far more efficient, and two, we have actually blossomed people’s careers”* (Swe1, Group manager sales)
- *“Our operators become increasingly light blue. ... Engineers do some operator tasks, while operators do engineering tasks. ... Everyone understands that we cannot be fragmented and that we have to work together to be a good and competitive firm.”* (Nor1, Director R&D)
- In elderly care, assistant nurses had distributed medicine to patients. This switched to qualified nurses with the introduction of new medicine-dispensing robots. Then assistants were trained and the task was reinstated.

➤ **Realising the human potential of technological change depends on careful choices about job design, crafted via discussions between workers and management** (e.g. Wrzesniewski and Dutton, 2001; Fuller & Unwin 2017) – a **‘human-in-command approach’ (ILO)**

How to make countries more equal and more resilient?

1. More social dialogue

- Improve union membership among workers in low wage, part-time and informal work
- Defend, support and promote the good work of trade unions!
- Support the establishment and expansion of employer associations

2. Close social protection gaps

- Use formalisation as a strategy to improve social protection rights
- Ease the eligibility criteria (for unemployment benefits, parental leave, etc)
- Invest more in social protection, recognising its welfare and productive value



Illustration by [unreadable]

How to make countries more equal and more resilient?

3. Fair working time measures and better support for working parents

- A new statutory right to minimum hours and notice for schedule changes
- Extended subsidies for childcare
- Shared paid parental leave

4. Make wage fixing institutions more effective

- Consider how to design pay practices that build on minimum wage policy
- Support and extend good collective bargaining agreements especially in low-wage sectors and low-wage local economies



How to make countries more equal and more resilient?

5. Embrace 'human-centred technological change'

- More scope for human agency/deliberation is required via:
 - *job crafting*
 - trade union recognition and negotiation over how to apply and work with digital technologies

6. Align business success with the needs of the planet and society

- Combat tax evasion and the unproductive offshoring of wealth assets
- Focus on distributional measures of success 'beyond GDP'
- Measure positive and negative externalities of business performance

