



THE ADECCO GROUP

# “Time to act”



Creating a new social contract for work in the 21st century

# Contents

Executive summary	2
Setting the scene	3
Introduction: It's time to act	6
<b>Section 1.</b>	
The evolution of how we work	8
<b>Section 2.</b>	
Platform work and social protection	10
<b>Section 3.</b>	
Drivers of change	12
<b>Section 4.</b>	
A new social contract: who pays?	15
Conclusion: Time to discuss a new social contract	18
References	20



“Time to act”

# Executive summary

We are on a quest for change – a change in the way we think about work in a rapidly changing world. It is time to reimagine the systems we use to support and enable diverse forms of work so that everyone has an equal opportunity to prosper. It’s a quest for a new social contract for the 21st century.

The rise of technology and, in particular, the platform economy – where digital applications connect workers with employers – has further enabled new ways of working and new opportunities. However, it has also highlighted significant gaps in the social contract for work, injecting fresh momentum into calls for a new social framework for all types of work.

Governments, employers and social partners need to redesign society to ensure that all forms of work are secure and sustainable, so that there is adequate social protection for all workers. All stakeholders should work together to facilitate a gradual shift towards the individual, portable and transferable build-up of social accounts.

This report is aimed at driving the debate to devise a new social contract that is fit for purpose in today’s world, with a specific focus on work and security in the age of platforms.

The Adecco Group’s position is clear. Where there is a national system of building up social rights, workers should not lose these as they move between forms of work or economic sectors.

When it comes to platform work, the correct classification of types of work is key. If there is a de facto employment relationship between a platform and a worker, it should be defined and classified as such, and all relevant rights and obligations should apply to both parties.



“Time to act”

# Setting the scene

“Platforms change the scale and speed at which new business models can emerge and grow,” says Matthew Taylor, President of the Royal Society and chair of the recent UK government review of working practices in the modern economy.

The speed of change in the way we are working today is accelerating to the extent that it is now time for governments, employers and social partners in developed countries to act.

## Platform work is one example of an increasingly diverse and flexible labour market.

In the EU and Japan, 42% of individuals are not in full-time open-ended direct employment. They work part-time, are in temporary work or self-employment.<sup>1</sup> In the US, that figure is 40%. More than 175 million people in those economies alone!

“Forms of work are changing,” says Professor Paul Schoukens of the Institute for Social Law at the University of Leuven. “If social protection systems don’t take that into account, and instead try to enforce what was designed many decades ago, things will go wrong.”

The social contract for work, in particular social protection, has struggled to evolve with the labour market. It is often still funded through employer and employee contributions related to direct, open-ended, full-time direct employment contracts. Coverage for other forms of work falls short, leaving workers vulnerable.



## What's at stake: The challenges of a new social contract for work

### More and more people are not in direct, open-ended, full-time contracts

The emergence of new types of employment in the past few decades, including agency work and job-sharing, have helped to create a more diverse labour market. It's no longer accurate to describe direct, open-ended, full-time contracts as "standard" and everything else as "non-standard" (see box, "Diverse forms of work defined").

### Social safety nets often fall short

Even in the wealthiest countries, there are significant shortcomings in social safety nets for those who are not in permanent, full-time employment. At highest risk are informal, undeclared or unpaid workers without any contract. But many inside the formal economy, such as self-employed, temporary, and part-time workers, also face significant gaps in social protection.

In the EU, 13% of legally recognised workers lack effective unemployment insurance and 8% do not receive sickness benefits if they are too unwell to work. In South Korea, only about half of workers are enrolled in the unemployment insurance system. And in the US, a recent LinkedIn survey found that freelancers' biggest concern is finding adequate healthcare coverage.<sup>2</sup>

### The rise of the platform economy exposes the shortfall

The European Parliament estimates that between 1% and 5% of adults in the EU has undertaken paid work in the platform economy.<sup>3</sup> The growth in this new phenomenon has raised the question of how to provide adequate social protection in an increasingly complex global labour market, including areas such as the gig economy. Other challenges will come to light as work diversifies further, including cross-border interactions between small entities, and as society tackles wider questions such as how to treat unpaid work for example in a family business, or that contributes to social value creation, such as caring for an elderly family member or volunteering.

The quest for a new social contract stretches beyond the platform economy in today's diverse world of work. Could platform work be the catalyst that triggers improvements for all?

### Workers and employers seek flexibility

Diverse types of work meet the needs of companies in a competitive global economy. Volatile and complex economic environments are challenging traditional business models,<sup>4</sup> and companies are opting for flexibility: in some multinational enterprises, the share of flexible workforce (including contractors and freelancers) is up to 40%. Diverse and flexible employment arrangements give employers greater agility to access talent with the unique skills they need for a certain activity, potentially at a lower cost than direct, open-ended, full-time employment contracts.

Another driver of growth in diverse forms of work is the workforce itself. Across the OECD, for example, only a minority of part-time workers say they would rather be full time. Flexibility is especially attractive for younger people: a survey by the Adecco Group and LinkedIn found that 82% of 18-26-year-olds see freelancing as a career choice.<sup>5</sup>

### Different societies, different social contracts

The social contract for work should empower, not constrain, a more diverse world of work, but one-size-fits-all solutions are not the answer. Political choices mean that social contracts vary widely from country to country – and even within countries. People in diverse working arrangements in the UK, Denmark and the US, for instance, have different concerns.



## Our aim with this report

In this Adecco Group report, we set out the challenges that developed countries face in providing social protection as workers and companies seek greater flexibility.

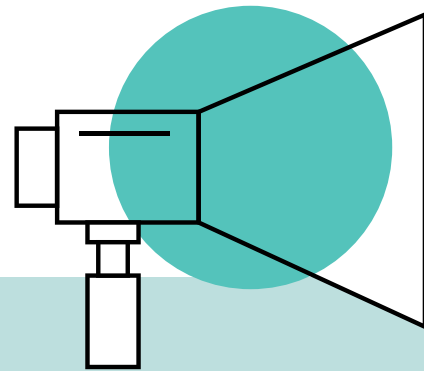
One emerging trend is exposing the inadequacies of the current social contract and pushing reform up the agenda: the rise of the platform economy.

This report is intended to raise awareness of the challenges facing policymakers in constructing social policies for work in a rapidly changing world. We hope to encourage a wide and inclusive debate in order to help create a new social contract for all forms of work in the 21st century.

## Social protection defined

Social protection encompasses the programmes designed to reduce poverty and vulnerability throughout the lifetime of individuals – and in most developed countries it is a widely acknowledged right.

The International Labour Organisation (ILO) defines these as the “policies and programmes designed to reduce and prevent poverty and vulnerability throughout the life cycle. [It] includes benefits for children and families, maternity, unemployment, employment injury, sickness, old age, disability, survivors, as well as health protection.”



## Diverse forms of work defined

Many analysts and organisations, including the European Commission, follow the ILO and refer to direct, open-ended, full-time employment contracts as “standard” contracts. Other arrangements are regularly grouped under the titles of “non-standard” or “atypical”.

Denis Pennel, Managing Director of the World Employment Confederation, says we need to evolve with the times. “The current language is based on a 20th-century view, and does not reflect the new world of work,” he says. “We also need to stop privileging what some people consider to be the most secure forms of work – it doesn’t make sense any more. You can be exploited in a permanent, full-time contract, and you can be an agency worker with a decent, profitable job.”

Bettina Schaller, Group Public Affairs Director for the Adecco Group, agrees. “Policies have been built around the idea that everybody in the universe has only one aspiration: to find a job and then to stay in that same job for the rest of their life,” she says. “However, a rapidly changing world offers highly attractive and flexible ways of working for individuals and businesses that policy must now support.”

As such, this report will use the terms “direct, open-ended, full-time contracts” and “diverse forms of work/working arrangements”.

# It's time to act

Given the implications for individuals if it fails, social protection is widely recognised as an important responsibility of states. Several key UN treaties, including the Universal Declaration of Human Rights, describe it as a right, and international organisations and many countries are comfortable with using the language of rights for social protection – from Japan's 1947 constitution to last year's European Pillar of Social Rights.

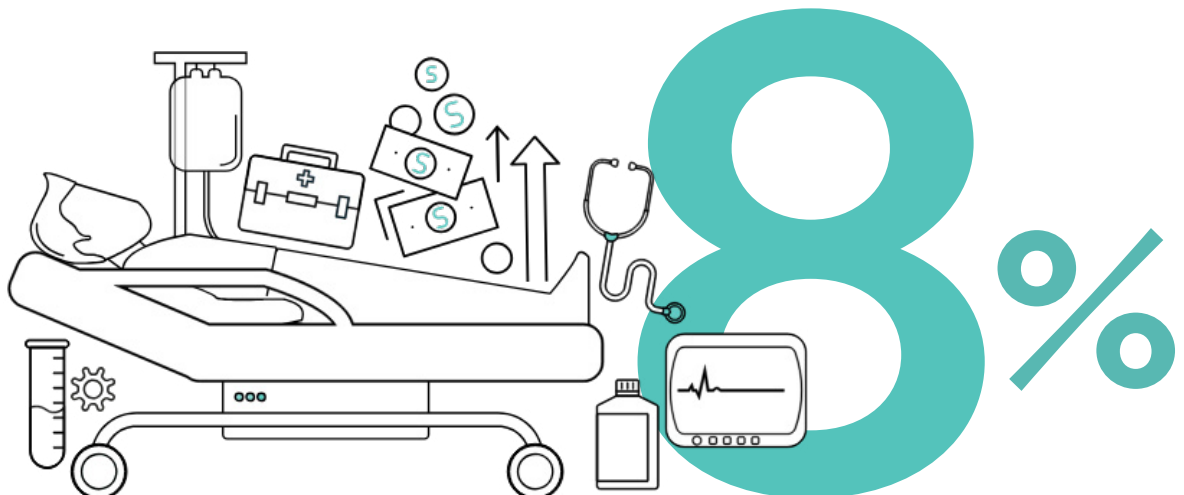
## An important but unmet aspiration

Calling social protection a right emphasises its importance: everyone in need should have a social safety net. In today's developed societies, the question is not whether basic resources exist – they do. Instead, the questions are: what is an appropriate level of protection? And how do authorities implement it effectively?

The first of these is a political decision, which inevitably varies across different countries. This report is most interested in the second – a practical matter of policy execution that is often unnecessarily flawed.

Even in developed countries, some social protections are not universal. In the EU, for example, a 2015 study found that about 13% of all workers were at risk of not receiving unemployment insurance if they lost their jobs, and 8% would not receive sickness benefits if they became too ill to work.<sup>6</sup> In South Korea, meanwhile – where there is a constitutionally enshrined right to social protection – just 53% of workers were covered by unemployment insurance in 2016.<sup>7</sup> And a recent Asian Development Bank study found that in Japan only 77% of potential beneficiaries of contributory social insurance schemes – including pensions and unemployment and disability protection – actually received any payments.<sup>8</sup>

*a 2015 study found that:*  
8% would not receive sickness benefit if they became too ill to work.





## The problem of informal work

Most countries have social protection arrangements for formal employment relationships, which excludes those in informal work.

Informal work makes up a substantial part of GDP: a 2015 analysis found that 12% of German and French economic activity, and 10% in Canada, involved otherwise legal activities kept hidden from the tax authorities.<sup>9</sup>

The social protection implications are complex. This kind of work creates a class of highly vulnerable individuals in low-paid, informal employment – the people who are most in need of social protection – with limited or no access to a safety net.

But this is not the only problem. In the US, for instance, the Enterprising and Informal Work Activities Survey found that in the second half of 2015 36% of US adults had performed at least some informal work. The proportion with a total family income of more than \$100,000 per year from all sources (30%) was markedly higher than those with family income under \$25,000 (18%).<sup>10</sup> Those in the lower income group need more effective social protection, and the higher earners should be paying their fair share to such schemes. Informal work stops both from happening.

## A system built for one kind of work

Christina Behrendt, Head of the ILO's Social Policy Unit, says that challenges are often engrained in national legal frameworks:

**“Some countries simply don't provide for the self-employed, or have minimum thresholds which exclude people in part-time work, or do not cover people who have a contract that lasts less than a set time.”**

Self-employed workers face particular challenges. In principle, they have a high degree of freedom – but also the responsibility – to arrange their social protection as they see fit. But with freelancers no longer being exclusively high-earning professionals, questions arise on the limits of this system. In the Netherlands, the government has indicated that it will start using two systems: one for the self-employed with an hourly rate below a certain threshold, and another for those above the threshold.<sup>11</sup>

In the EU, the majority of those at risk of missing out on unemployment or sickness benefits are self-employed, while most of the rest are temporary workers whose contributions are too low to trigger support.<sup>12</sup> This is no longer good enough, says Cécile Jolly, Head of Projects on Work and Employment at France Stratégie – a think tank attached to the office of the French prime minister. “We have to design social protection for all ‘vulnerable’ workers, whether they are self-employed or salaried.”

Some countries have started to make changes. Singapore's government has committed to implementing the recommendations of a 2018 report of a work group made up of government officials, union leaders and employers on challenges facing the self-employed – including in areas of social protection.<sup>13</sup> And a 2017 EU study found that in recent years 14 European states have made substantial reforms aimed at improving some aspect of social protection for the self-employed.<sup>14</sup> However, the same report complained of the high degree of differentiation in protection for those with different employment statuses.

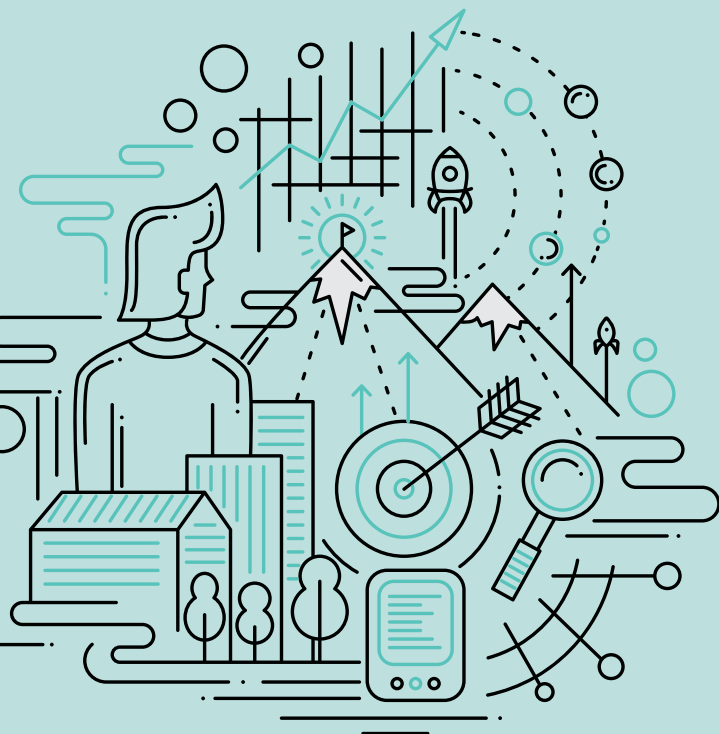
Other major economies are seeing little change. The US social security system, says David Autor, Ford Professor of Economics at Massachusetts Institute of Technology, “is less generous and more fractured. Much of it is also much more antiquated than in many other developed countries: the programmes that do exist are there because they've been around for a long time. They're not typically rethought or improved, and aren't returned for how things are changing.”





Section 1.

# The evolution of how we work



National employment market data rarely give a nuanced picture of subtle shifts, and change can take decades to appear in the statistics.

Not surprisingly, then, one feature of labour markets persists. “The majority of workers still want your standard [direct, open-ended, full-time] employment contract,” says Stijn Broecke, a labour market economist at the OECD. In Japan in 2016, about 58% of the workforce, including company executives, was in direct, open-ended, full-time employment contracts; in the US, the proportion is around 60%.<sup>15</sup> In South Korea, those in such contracts topped 50% of the economically active population in February 2018.<sup>16</sup>

## Diverse ways of working are no longer niche

A majority of those in formal work might still be in direct, open-ended, full-time contracts, but that leaves 40% or more working in some other way: part time, temporary, self-employed. This figure has grown markedly in recent decades and is undermining the assumption behind many social protection arrangements that it is enough to cover those with direct, open-ended, full-time contracts.

## Part-time work

The biggest change has been in part-time work. Japan, for instance, saw the proportion of its workforce in part-time jobs rise from 16.3% in 2000 to 22.8% by 2016.<sup>17</sup> Data for the EU15 – still the wealthiest member states – and the US go back further.<sup>18</sup> Part-time workers in the EU15 rose from 13.6% of those in employment in 1990 to 23.5% in 2016. In the US, the growth was less pronounced – from 16.9% in 1990 to 18.3% in 2016 – but that is still nearly one in five employed people not working full time.<sup>19</sup>

## Temporary work

Changes in temporary work – whether full or part time – are less clear cut, but it is an important part of employment in most developed economies, including 20.1% of all workers in South Korea. In the EU, meanwhile, temporary workers grew from 10.3% of the workforce in 1993 to 14.6% by 2016.<sup>20</sup> What these figures do not show is the diversity of temporary work. Among the options are to work directly or via an agency, and timeframes that vary from a few hours a day to a few days in a row, or over a span of several years.

## Self-employment

The third major alternative to direct, open-ended, full-time employment contracts is self-employment. The figures are equivocal, but this type of work continues to represent a substantial part of total employment. In South Korea, for example, despite declining for decades, self-employed workers still make up 25.5% of the workforce.<sup>21</sup>

The self-employment rate has stayed stable within Europe at about 15% of the workforce. In some countries, including the UK, the Netherlands and France, there has been a rapid increase in non-agricultural self-employment – especially for individuals working on their own account.<sup>22</sup>

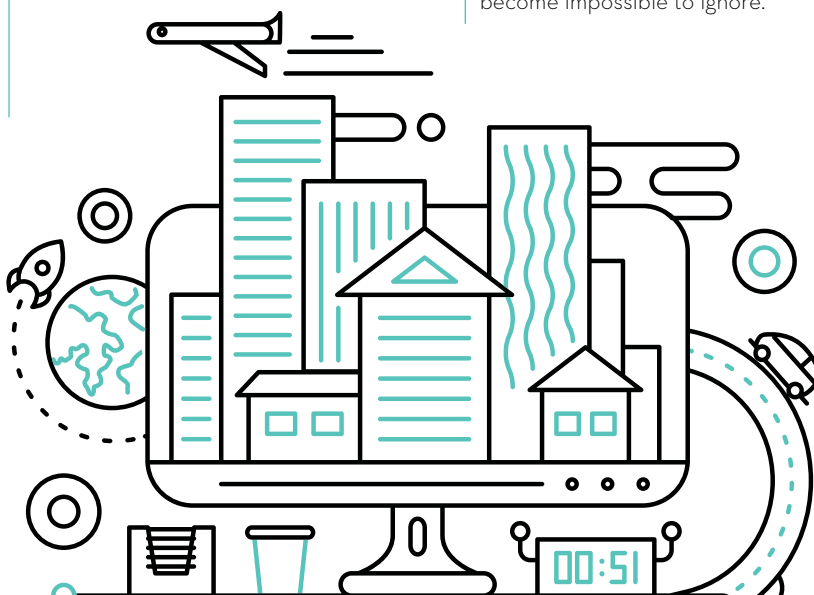
The best US data suggest that about 10% of workers there are self-employed, also with little change since 2000.<sup>23</sup> And Singapore reports a similar figure for the past decade.<sup>24</sup>

## New ways of working

Other kinds of work are also appearing and growing. The legal framework for temporary agency work, for example, appeared in Europe only in the 1980s and 1990s, and now accounts for about 2% of EU employment.<sup>25</sup> Japan reached the same level in 2015, roughly quadrupling its 1999 figure.<sup>26</sup> In the US, agency work rose from 1% of employment in 1990 to 2% in 2016.<sup>27</sup>

Other new forms of work include employee sharing, job-sharing and collaborative working. Some of these innovations are growing quickly. In France, for example, about 0.2% of the workforce is involved in employee-sharing schemes, and in Hungary, after just two years of these arrangements receiving regulatory approval, the figure has reached 0.1%.<sup>28</sup>

These numbers might seem small, but even a 1% shift in either the EU or US workforce affects more than 1.5 million people. Add these smaller figures to the more common forms of work outside of direct, open-ended, full-time contracts, and the numbers become impossible to ignore.



## Coping with the new diversity

As with policy and regulation, labour market characteristics also vary widely across countries. Even within Europe, for example, in Bulgaria, Estonia and Latvia fewer than 20% are in some form of work that is not a direct, open-ended, full-time contract; in the Netherlands, the figure is 60%.<sup>29</sup>

The new diversity presents a complex set of social protection issues that go further than the obvious need to find ways to adequately

cover those in diverse forms of work. “One issue being discussed is transferability,” says Rebekah Smith, Deputy Director at Business Europe, an EU-level membership organisation of national employer/industry federations. “What are the possibilities for people to take the rights that they’ve acquired – whether to a pension or training – when they change their status in the labour market?”

However, in seeking to address the real needs of those outside social protection systems it is crucial not to damage or dilute what does work well. In Europe in particular, says Stijn Broecke, “social protection systems have developed over time and in most cases still perform rather well for many people.”



## Section 2.

# Platform work and social protection

### Where does the platform economy fit into this already diverse picture?

The answer is complicated. There is no common definition, the terminology varies – to some, it is the gig economy; to others, the sharing economy – and different data sources have different ways of measuring it. Individuals doing this type of work may already appear within the formal employment data discussed above, including as temporary employees, part-time employees, agency workers or the self-employed. Or they may not – for example, if they have an employment contract and use platform work to top up their incomes.

### Still small, but with huge disruptive potential

Although good data are rare, and definitions vary, a recent study commissioned by the European Parliament found that between 1% and 5% of the European adult population has engaged in at least one paid job through an online platform, and that in the US it was likely to be at least the lower figure.<sup>30</sup> And a joint Institute for Labour Studies (IZA) and Centre for European Policy Studies (CEPS) report has used a literature review and its own analysis to put the figure between 0.05% and 6%.<sup>31</sup>

“If you look at the real figures, it’s still a marginal phenomenon,” says Professor Schoukens of the University of Leuven. “But it has the potential to grow.” Indeed, the CEPS-IZA study finds that the platform workforce in Europe has already been increasing faster than the overall labour force.<sup>32</sup> That growth raises pressing questions about what modern social protection should look like.

## Accelerating age-old challenges

According to the ILO's Christina Behrendt, "A lot of the issues which appear as new [because of the platform economy] were already there but not as visible."

Individuals working in the platforms economy generally fall into one of the labour classifications for diverse forms of work, which already face longstanding social protection challenges. And debates about the employment status of platform workers, and therefore their access to different rights and social protections, are similar to those outside the platform economy. For example, one case that is frequently cited in relation to EU law surrounding platform workers involves a window salesman who worked on commission for a single firm between 1999 and 2012 - with no digital platform mediation.<sup>33</sup>

And history and existing frameworks could hold the key to addressing the challenges of platform work. The World Employment Confederation's Denis Pennel believes that as the labour market sees more digital intermediation, with customer, employer, and intermediary platform all located in different places, the way that agency employment, for instance, develops social protection mechanisms will become increasingly relevant.

## New implications

However, platform work does add some new complications for social protection.

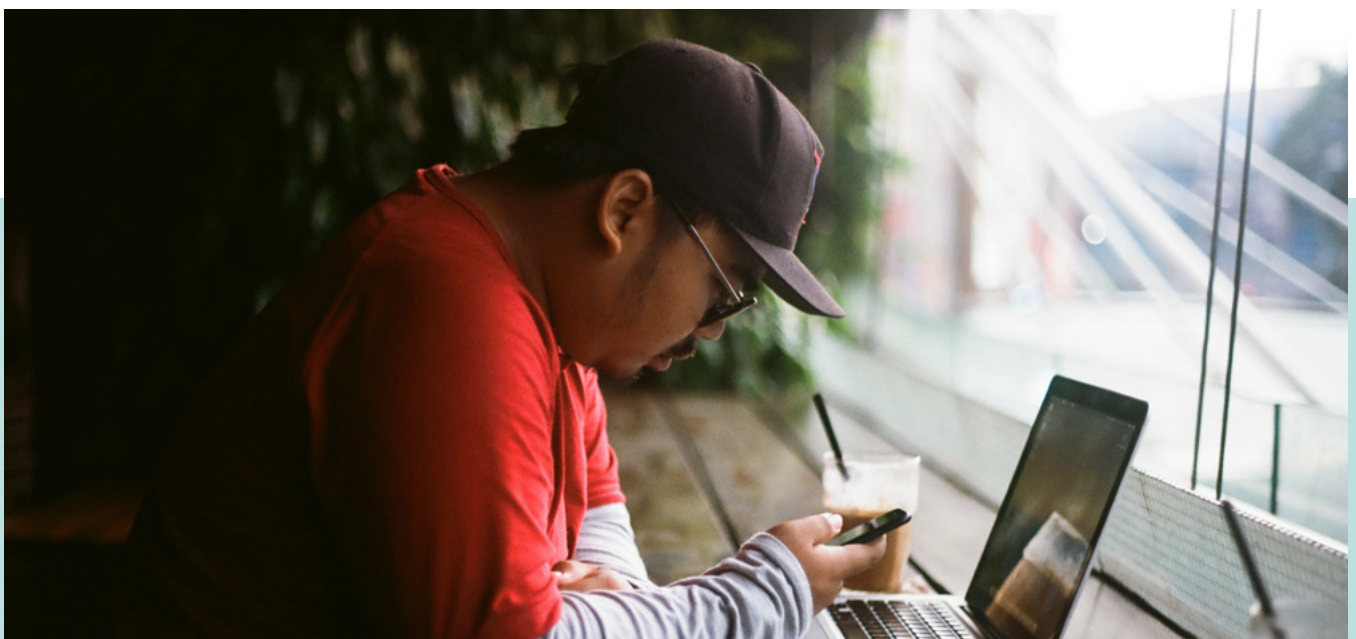
**Matthew Taylor agrees that, while much of the substance is the same, "platforms change the scale and speed at which new business models can emerge and grow".**

This will accelerate any shifts that are negative for social protection.

Professor Schoukens says that many social protection issues arising from the platform economy could be helped by "fine-tuning the existing rules". He also says, however, that platform working demands answers to an important new question: with social protection under the remit of national governments, how should they assess appropriate contributions when worker, platform and client are in different countries?

A recent study of data from the freelancing platform Upwork and one of its predecessors oDesk finds that the vast majority of contracts between 2003 and 2014 were cross-border, with most originating in wealthier countries and carried out by workers in less developed ones. During those years, through that one site, US employers sent nearly \$1 billion abroad, and Australian, British and Canadian employers more than \$300 million in aggregate. Meanwhile, Indian workers earned \$340 million and Filipinos \$287 million.<sup>34</sup> The numbers are significant, but whether this work has bolstered social protection arrangements for those involved remains to be seen.

In practice, however, these challenges add to an already difficult bundle of issues rather than creating a new field of concern. If the workers are self-employed, as is often assumed, then they would have the responsibility to arrange their own protection and insurances. "The platform economy is something new," says Professor Mark Stuart, Professor of Human Resource Management and Employment Relations at the University of Leeds. "It's something interesting. There is something happening, so it's focusing people's minds. But there is a bigger debate [to be had about social protection]."





### Section 3.

# Drivers of change

The growth of alternative working arrangements reflects the new possibilities of the digital world and the new economic reality following the 2008 financial crisis, with organisations across all sectors looking to save costs, improve back-office efficiency and review their hiring and talent strategies. But it is also symptomatic of a new desire for flexibility – from both employers and employees.

## Employers seek flexibility

Facing the heightened competition of globalising markets, employers need labour flexibility, according to the OECD's Stijn Broecke, "to deal with fluctuations in demand, to address risks, and to grab opportunities." Diverse and flexible employment arrangements give employers greater agility at a much lower cost than they would have with a workforce dominated by "inflexible" contracts.

Few would dispute this. The controversy is around whether these diverse forms of employment are good for workers, who might face heightened economic risks and sometimes lower access to social protection. For some, this is the crux of the matter. Philip Jennings, General Secretary of the UNI Global Union, for example, believes that in misclassifying workers many companies are seeking to do more than simply drive down their costs. In some countries, self-employed contractors would fall foul of competition laws if they attempted to organise, so self-employed workers provide companies with a workforce where unionising is not only difficult, but illegal.

Undoubtedly, some companies take advantage of their market power to use such arrangements inappropriately. The solution will be to make sure that existing rules, which most countries have, are applied in practice.

But the issue can even affect entire economies: the high number of employees in South Korea on temporary contracts (28% in 2016) reflects in part a widespread

practice of keeping staff on regularly renewed contracts of shorter than two years to avoid the additional costs associated with permanent status under Korean law.<sup>35</sup>

Complicating matters in some countries, according to Matthew Taylor, is a "fuzzy boundary between work, self-employment, and casualisation".<sup>36</sup> High-profile lawsuits in the US and Europe related to the employment status of those platform workers remind us that the search for labour flexibility can be a contested process, where both sides claim the support of the law.

Taylor's recent UK government review of working practices in the modern economy recommended legal changes around employment status so that workers and companies have a clearer set of rules and mutual expectations.<sup>37</sup> But he also believes that applying current law could go a long way towards preventing misclassification: "Even when recognising the boundary can be blurred, for most people you can distinguish between employment categories."

## Many employees want flexibility, too

Controversy should not overshadow the bigger picture, however: diverse forms of employment are growing more popular partly because many people choose to work that way.

“The majority of people who work as self-employed or as a part-time employee have chosen this form of work,” says Rebekah Smith. “We shouldn’t have this negative discussion around certain types of work saying that permanent full-time jobs are the only ones that people want.”

The data back her up. In Japan, even as the proportion of the labour force involved in part-time work has risen, the percentage of these employees who have such positions involuntarily has declined – from 29.9% in 2002 to 19.5% in 2016. By 2016, across the EU only a quarter of part-time workers were involuntarily part time, and in the US the proportion was just 7%.<sup>38</sup>

The figures for temporary work tell a similar story. In the EU, in 2016, just 8% were in “non-permanent” work because they couldn’t find an open-ended job, and only in Spain (23%) did this number get above one in five.<sup>39</sup> Even in South Korea, where giving a greater number of temporary workers permanent status is high on the

national political agenda, a majority (55%) say they are in temporary work by choice rather than as a result of not finding a permanent job.<sup>40</sup>

Such data are rarely collected for self-employed workers, but the UK, which has seen substantial growth in self-employment, is an exception. A 2016 government survey found that just 22% of respondents became self-employed unwillingly – 16% because of a lack of other opportunities, and 6% because of previous employer pressure. However, after experiencing this kind of work, 84% said they were better off financially than if they had been employed.<sup>41</sup>

Similarly, Singapore government figures say that for 83% of self-employed workers the status was their choice.<sup>42</sup> These examples are consistent with global data showing that, in the world’s more developed economies, entrepreneurs are far more likely to be self-employed because they are consciously pursuing opportunities than because they don’t have any choice.<sup>43</sup> A recent study by the Adecco Group and LinkedIn found that a majority of those in flexible working arrangements chose them because they met their lifestyle needs.<sup>44</sup>

Governments should not stand by and allow unfair practices that lead to forced self-employment or other kinds of exploitative misclassification. But clamping down on these practices would still leave social protection gaps for the majority of people in diverse working arrangements who choose to work that way. For them, better social protection is often a pressing issue, and improvements here might lead even more workers to choose diverse and flexible working relationships.

The numbers of workers seeking such arrangements is already likely to increase, because of generational preferences.

**The Adecco Group and LinkedIn survey, for example, has found that 82% of 18–26-year-olds see freelancing as a career choice<sup>45</sup>**



## Social protection is an essential partner to flexibility

The same market volatility that makes labour flexibility essential for companies also makes social protection essential for workers.

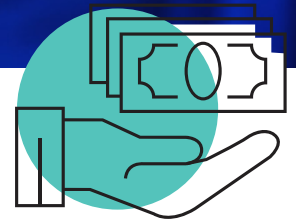
**“You can’t ask people to take risks if all the risks fall on their shoulders” without compensating benefits, says Philip Jennings.**

He therefore expects “a rebirth of the idea of a universal social protection net and a reconsideration of what it looks like. It won’t just be about keeping poverty away, but also about how we can accompany people through the dislocations to come.”

This will not only be important for individuals. Companies will soon be facing smaller, ageing workforces in European and Asian countries. What they offer potential talent, including around social protection, will have to be sufficiently attractive to a wider age range.

Social cohesion will also demand answers to social protection challenges: if a larger number of millennials, for example, compared with other generations, are interested in diverse forms of work, says Rebekah Smith, “We have to ensure that there is intergenerational solidarity – that the generations just coming into the labour market have adequate access to social protection but in an economically sustainable way.”





## Section 4.

# A new social contract: who pays?

One of the strengths of direct, open-ended, full-time employment contracts is their legal clarity about who shoulders the various risks that social protections are designed to address. This sort of clarity is often lacking for other forms of work. With their share in the marketplace increasing, it's crucial to decide how to strike that social bargain.

The demands of flexibility and social protection are currently discussed as if they were in opposition. "The big question that comes out of this is who bears responsibility for offering certain types of flexibility and for certain types of social protection?" says Professor Mark Stuart. "Who's going to cover the costs?"

Bettina Schaller adds that any potential solution to these questions faces two further challenges: "Is the funding sustainable in a broader societal discussion, and is it going to actually stand the test of time?"

Without a solution, those not covered by social protection may have to fall back on the last resort of the state. Stijn Broecke points out that this will be funded by general taxation, so firms that use diverse forms of working arrangements to avoid providing social protection could end up paying for it anyway through higher taxation.

## A kaleidoscope of national systems

Adding to the complexity are the substantial differences between social protection systems in different countries. "We don't have one global labour market," says Denis Pennel. "We have over 150 at the national level. Even within the EU, we still have 28 different labour markets."



Figure 1.

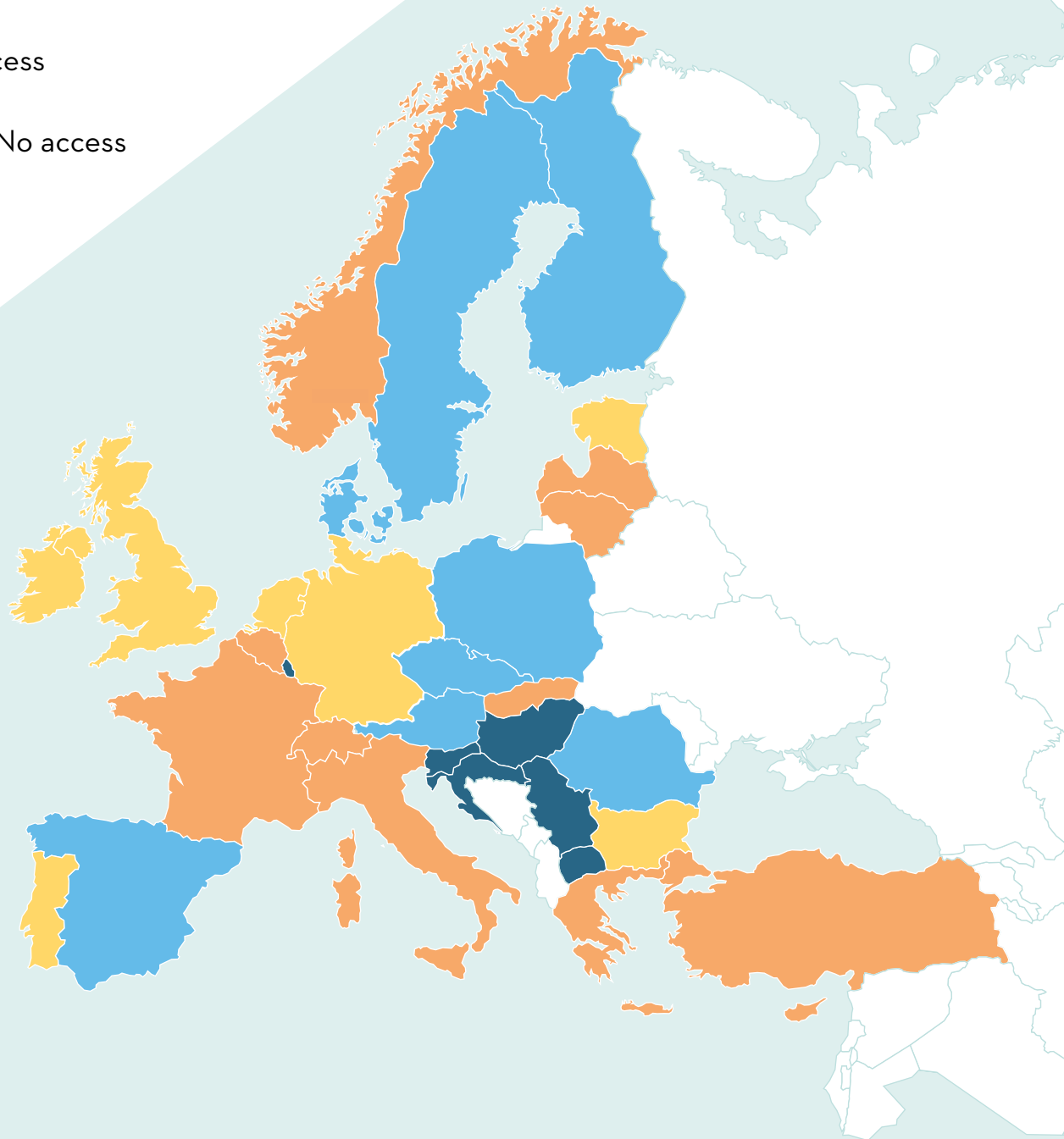
## Self-employed individuals' access to insurance-based schemes across Europe

■ Full to High access

■ High to Medium access

■ Low access

■ Low to No access



Source: European Commission, Directorate-General for Employment, Social Affairs, and Inclusion, 'Access to social protection for people working on non-standard contracts and as self-employed in Europe: A study of national policies,' 2017

A few examples show just how diverse social protection systems currently are – and the challenge this presents.

“The term ‘self-employed’ is understood differently across and even within the 35 countries covered in this report,” says a European Commission report. “In fact, there is currently no single, unambiguous definition applicable in any of the countries (except for Slovenia) drawing a clear-cut distinction between ‘genuine’, ‘dependent’ and ‘bogus’ self-employed.”<sup>46</sup>

Different national legal arrangements bring their own distinct complications. France, for example, has tried to make life easier for platform workers – for example by creating the new legal status of auto-entrepreneur, which was later changed to micro-entreprise. Adding additional legal categories, however, can

cause complications. France Stratégie’s Cécile Jolly says that ultimately the government will “have to harmonise the social protection of independent workers, because we have a lot of different protections for different kinds of occupations and independent workers.”

Romain Trébuil, CEO and co-founder of YOSS, a digital marketplace for freelancers and a global brand of the Adecco Group, has experienced the complexities of French social protection. In addition to providing the best match between freelancers and clients, YOSS is committed to taking care of both mandatory and optional social protection for the self-employed. YOSS does not handle regulated professions such as law and medicine, independent members of which have their own relevant regulations. YOSS serves freelancers in 13 separate legal categories – all with

different social protection regulations – and advises freelancers on their optimum status according to income, specialities and protection expected.

Furthermore, YOSS is engaged to offer more services to freelancers and to bring them “à la carte” services as healthcare, training, co-working and insurance. Those services are adapted to their needs and can evolve in line with their career changes or evolution. It provides protection, flexibility and freedom – which is really what people look for as freelancers.

The UK has a simpler set of legal categories, but this causes its own problems, and the Taylor Report encourages the creation of at least one more: dependent self-employed status.



## Within countries, a mixed picture

Specific protections also vary widely. In some countries, access to certain social protection depends on residency; in others, on employment history, or on individual contributions.

Self-employed workers in the UK, for example, have no access to unemployment insurance, while in Denmark they are able to contribute to and benefit from such a scheme. On the other hand, eligibility of a Danish freelancer’s spouse for benefits in the event of the worker’s death depends on the latter’s ability to join an occupational pension scheme, which varies by type of work. The UK, meanwhile, is more accessible, with this benefit part of the universal state pension scheme.

Self-employed workers in both the UK and Denmark, however, have access to publicly funded universal healthcare. Across the Atlantic in the US, healthcare is very different. A recent LinkedIn survey of US freelancers found that their biggest concern was finding health insurance, and the ability to make social protection portable between jobs came third.<sup>47</sup>

To complicate social protection further, in federal countries such as the US and Canada different elements of social protection may come under the remit of subnational states and provinces, the

federal government, or sometimes both. Meanwhile in Japan, although a unitary state, local administrative units have a role in every element of social protection except pensions.

The nature of government involvement in social protection may also range from direct provision through to mandated self-funding. Singapore requires residents and their employers to contribute to several accounts under its Central Provident Fund. These savings then offset the pension, healthcare and disability insurance costs of individuals and their family members. However, Singapore has no unemployment insurance – based on the argument that the government’s active labour market policies are sufficient to keep people from being unemployed for long.<sup>48</sup>

Finally, the state is not the only provider. “A lot of social protection coverage also comes from private insurance and occupational schemes, including for those on diverse employment contracts,” says Rebekah Smith. “We need to discuss what they have to offer as well.”

Conclusion:

# Let's write a new social contract

It's time to act.

Behind the differences of national systems, we are on a shared, universal quest: to provide adequate social safety nets to everyone in need – regardless of employment status or any other difference.

In a changing world of work, this demands a fresh way of looking at what work means, in all its forms – from full-time, open-ended contracts or part-time employment to flexible, platform work or even unpaid work that contributes to social value creation.

**This increasingly complex environment requires a new social contract for work between governments, businesses, social partners and workers. To get there, we need dialogue, innovation and international cooperation.**

We expect all developed countries to support this quest; the real challenge will be in finding the answer. “This is a huge construction site,” says the Adecco Group’s Bettina Schaller. “No country has found the ideal solution, and there are big disparities even between companies.”

The rise of the platform economy has acted as a catalyst in this debate and highlighted that governments are struggling to ensure that policy keeps up with today’s fast-evolving employment marketplace. The topic of a new social contract is clearly now on the agenda, but policymakers have not yet found a comprehensive solution.

“The answers will not come from only one country, but from different initiatives coming from some specific sectors and/or companies” says the World Employment Confederation’s Denis Pennel.

Acknowledging the multiple challenges in writing a new social contract for work, the Adecco Group is offering a platform for discussion and some first elements to consider. We believe:

- Governments, employers and social partners should design new models and update existing regulation to ensure that all work opportunities, including freelancing, are secure and sustainable for workers and businesses alike.
- When there is a de facto employment relationship between a platform and a worker, it should be defined and treated as such, and all relevant rights and obligations should apply to both parties.
- We are committed to providing freelancers and everyone who is part of the workforce with fair remuneration and the benefits they need.
- One-size-fit-all solutions are not the answer.
- Some situations could arise where vulnerable workers, including freelancers, should be offered additional protection by government.
- The build-up of social protection should be individual, portable and transferable.

A bespoke website will invite contributions to the debate about how to update social protection systems and make them sustainable.

The website will feature case studies and expert opinions to explore how the challenge could be addressed – and how some are already addressing it. With more multinational employers starting to play a role in this area, we will also showcase the innovative solutions provided by private sector stakeholders.

Public or private, these models might not always translate to other national systems. However, they may inspire others wrestling with similar challenges. We hope to contribute to the discussions between all stakeholders on how to create a new social contract for work that is fit for purpose today and into the future.

“You can look at the debate around social protection and platform workers negatively or positively,” says Professor Schoukens of the University of Leuven. “Negatively, you can see it as a kind of danger or challenge to existing protections. Positively, I see it as an invitation to rethink our systems in order to make sure that they’re up to meeting future needs.”

**In other words, it's time to act to establish a new social contract for the 21st century.**

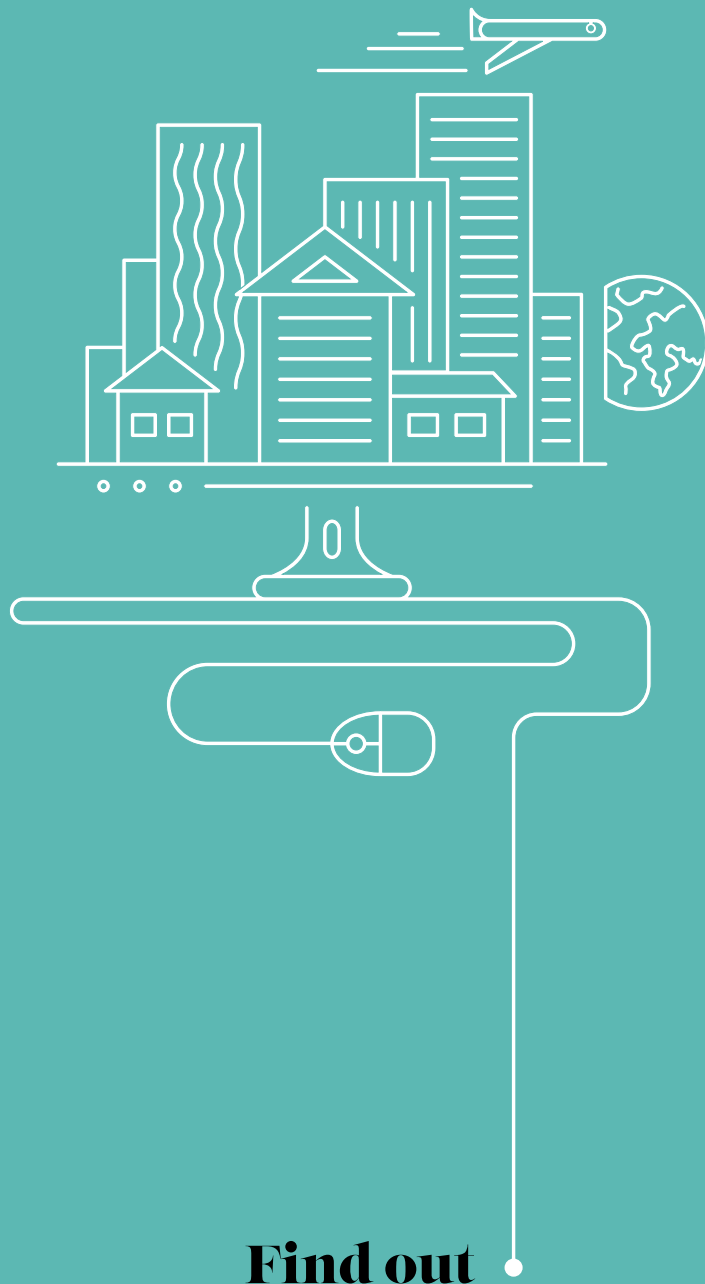


# References

- 1 In this report, we refer to this kind of work collectively as “diverse forms of work/working arrangements”. See box, “Diverse working defined”.
- 2 [These Are Freelancers’ Top Four Concerns For 2018](#), Fast Company, 15 December 2017
- 3 [The Social Protection of Workers in the Platform Economy](#), Forde, C, et al, European Parliament, November 2017
- 4 [No future of work without social innovation!](#), the World Employment Confederation Manifesto, October 2017
- 5 [Flexible Working: A career and lifestyle pathway](#), The Adecco Group and LinkedIn, 2017
- 6 [Non-standard employment and access to social security benefits: research note 8/2015](#), European Commission, Directorate-General for Labour, Social Affairs and Inclusion, 2016
- 7 [Towards Better Social and Employment Security in Korea](#), OECD, 2018
- 8 [The Social Protection Indicator: Assessing Results for Asia](#), Asia Development Bank, 2016
- 9 [Size and Development of the Shadow Economy of 31 European and 5 other OECD Countries from 2003 to 2015: Different Developments](#), Friedrich Schneider, 2015
- 10 [Exploring Online and Offline Informal Work: Findings from the Enterprising and Informal Work Activities \(EIWA\) Survey](#), Barbara Robles and Marysol McGee, Federal Reserve Board Finance and Economics Discussion Series 2016-089, 2016
- 11 See <https://www.government.nl/documents/publications/2017/10/10/coalition-agreement-confidence-in-the-future> paragraph 2.1
- 12 [Non-standard employment and access to social security benefits: research note 8/2015](#), European Commission, Directorate-General for Labour, Social Affairs and Inclusion, 2016
- 13 [Tripartite Workgroup Report on Self-Employed Persons](#), Singapore Ministry of Manpower, 2018
- 14 [Access to social protection for people working on non-standard contracts and as self-employed in Europe: A study of national policies](#), European Commission, Directorate-General for Employment, Social Affairs, and Inclusion, 2017
- 15 Longitude calculations based on data from [Annual Report on the Labour Force Survey 2016](#), Statistics Japan, 2017; European Union Labour Force Survey – Annual Results 2014, Eurostat, 2015; [Contingent Workforce: Size, Characteristics, Earnings, and Benefits](#), US Government Accountability Office, 2015
- 16 [Economically Active Population Survey in February 2018](#), Statistics Korea Press Release, March 2018
- 17 [Incidence of FTPT employment – national definitions](#), OECD.Stat database – OECD Employment and Labour Market Statistics, accessed 10 March 2018
- 18 Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the UK
- 19 [Incidence of FTPT employment – national definitions](#), OECD.Stat database – OECD Employment and Labour Market Statistics, accessed 10 March 2018
- 20 [Incidence of permanent employment](#), OECD.Stat database – OECD Employment and Labour Market Statistics, accessed 10 March 2018
- 21 [ALFS Summary Table](#), Self-employment % of employment, OECD.Stat database – OECD Employment and Labour Market Statistics, accessed 31 March 2018
- 22 Aspects of non-standard employment in Europe, Eurofound, 2017
- 23 Calculations based on [Bureau of Labor Statistics](#) figures; [America’s Self-Employment Landscape](#), Joshua Wright, 2014
- 24 Longitude calculations based on table 53, [Labour Force in Singapore 2017](#), Singapore Ministry of Manpower, 2018
- 25 Aspects of non-standard employment in Europe, Eurofound, 2017 & World Employment Confederation Economic Report 2018, <http://www.wecglobal.org/economicreport2018>
- 26 [Non-Standard Employment Around the World](#), ILO, 2016
- 27 [America’s growing temporary workforce](#), The Economist, 18 July 2016
- 28 [New forms of employment](#), Eurofound, 2015; [New forms of employment: Developing the potential of strategic employee sharing](#), Eurofound, 2016
- 29 Non-standard employment and access to social security benefits: research note 8/2015, European Commission, Directorate-General for Labour, Social Affairs and Inclusion, 2016
- 30 [The Social Protection of Workers in the Platform Economy](#), Chris Forde et al., 2017
- 31 [Online Talent Platforms, Labour Market Intermediaries, and the Changing World of Work](#), forthcoming
- 32 Ibid.
- 33 <http://curia.europa.eu/juris/document/document.jsf?docid=197263&pageIndex=0&doclang=EN>
- 34 [Digital Labour Markets and Global Talent Flows](#), John Horton et al., Harvard Business School Working Paper 17-096, 2017
- 35 [Incidence of permanent employment](#), OECD.Stat database – OECD Employment and Labour Market Statistics, accessed 10 March 2018; [South Korea contract workers at heart of labour reform challenge](#), Financial Times, 20 April 2015; [Addressing Labour Market Duality in Korea](#), OECD, 2007
- 36 “Casualisation” is a general term for putting pressure on what would formally have been full-time workers to accept the status of self-employed or employment under insecure contracts with unpredictable hours.
- 37 Good work: the Taylor review of modern working practices, Matthew Taylor, 2017
- 38 [Incidence of involuntary part time workers](#), OECD.Stat database – OECD Employment and Labour Market Statistics, accessed 10 March 2018

# References

- 39 [Involuntary temporary employment %](#), Eurostat database, accessed 29 March 2018
- 40 [“Comparison of Regular and Non-regular Workers’ Economic Activity After Work-related Injury Absence in Korea”](#), Heesang Yoon and Ki-Jung Kim, Paper, International Labour and Employment Relations Association Conference, 2015
- 41 [Understanding self-employment: BIS Enterprise Analysis research report](#), Department for Business, Innovation & Skills, 2016
- 42 [Tripartite Workgroup Report on Self-Employed Persons](#), Singapore Ministry of Manpower, 2018
- 43 This is a consistent theme in the [reports of the Global Entrepreneurship Monitor](#), an academic cooperative that surveys entrepreneurs in 65 world economies.
- 44 [Flexible Working: A career and lifestyle pathway](#), The Adecco Group and LinkedIn, 2017
- 45 Ibid.
- 46 [Access to social protection for people working on non-standard contracts and as self-employed in Europe: A study of national policies](#), European Commission, Directorate-General for Employment, Social Affairs and Inclusion, 2017
- 47 [These Are Freelancers’ Top Four Concerns For 2018](#), Fast Company, 15 December 2017
- 48 [PM: What we have is better than unemployment insurance](#), The Straits Times, 2 May 2016



**Find out  
more online**

[gig-economy.adecgroup.com](http://gig-economy.adecgroup.com)