

The digital economy and its implications for labour.

2. The consequences of digitalisation for the labour market

Transfer
2017, Vol. 23(3) 249–262
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sagepub.co.uk/journalsPermissions.nav
DOI: 10.1177/1024258917714659
journals.sagepub.com/home/trs



The first issue of this *Transfer* double issue on digitalisation (2/2017 and 3/2017) focused mainly on the platform economy and the associated challenges for labour, looking at how the platform economy is restructuring the labour market and skill requirements. This second issue looks at broader issues, beyond the platform economy. As set out in the editorial of the first issue, digitalisation is set to transform society at large, transforming business models, the labour market and how productivity gains are distributed. While there is an ongoing debate on how big this transformative impact will be and how quickly or slowly it will occur, the literature seems to converge on the idea that digitalisation will transform demand for labour, skill requirements, work organisation, income volatility and tax bases – to mention just a few aspects. In this issue, all articles start out from the hypothesis that, although we do not yet know the extent, digitalisation will eventually lead to a decrease in demand for labour, an increase in atypical forms of employment and job polarisation and a decrease in the wage share. The articles address the regional effect on labour demand, the stability of demand and hence consumption, the gender aspect of digitalisation, and ways that trade unions and social partners have grappled with introducing technology in the workplace and how they have addressed the challenge of organising and representing workers in the gig economy.

With little literature available on the job-polarising impact of digitalisation in Central and Eastern Europe, Keister and Lewandowski set out to fill this gap. Their analysis reveals that Central and Eastern European countries show a distinct trend in the development of routine cognitive tasks and hence are prone to be affected by digitalisation differently to most developed economies, should technological progress reduce demand for routine work. In view of the current resilience of routine cognitive tasks (more than 33 per cent of the workforce in the region perform routine tasks), a large proportion of jobs in this region are at risk of being automated or significantly changed through technology, substantially increasing wage inequality. The authors insist on the need to boost lifelong learning, vocational training and the quality of education and tax policies, to extend social security networks and to promote social dialogue to deal with these challenges.

Staab addresses the consumption dilemma of the digital economy, extending the post-Keynesian analysis to the digitalised economy. The author conceptualises digitalisation as a macro-strategy for transformation, with greater implications for demand and consumption than for productivity gains. While emphasising the fact that economic transformation has a consumption focus, i.e. is aimed at boosting consumption, the author concludes that digital restructuring, instead of solving the consumption problem, is more likely to have the unintended effect of lowering already structurally weak private demand. The latter effect arises from a constriction of the labour market caused by the cannibalisation of traditional branches, occupational

downgrading and the substitution of labour by prosumers, putting downward pressure on wages. Staab concludes by outlining ways forward for trade unions, calling for them to deal with the overall reduction in paid working time by regulating both wages and working time, but also by addressing the value of work performed by prosumers and the hypothetical trend away from dependent employment towards peripheral digital labour, thereby questioning what paid employment means in a digital economy.

Following the same line of thinking, Pulkka discusses the idea of an unconditional basic income as a way of guaranteeing sufficient purchasing power for unemployed, underemployed and precarious workers. This century-old idea has gained traction as a solution to the forecast massive technology-driven unemployment, precarious employment and income volatility in paid employment. Looking at the impact of digitalisation on the labour market, the article sets out different scenarios based on existing literature, discussing to what extent and under which conditions an unconditional basic income could act as a macroeconomic stabiliser. While in general the literature calls for a substantial redesign of social protection systems in the light of transforming labour markets, the author questions whether unconditional basic income can act as a macroeconomic stabiliser and whether its design and tax financing can play a significant role. The author also highlights the question of whether a basic income will improve or weaken workers' bargaining power. This remains disputed territory, but there is clearly no requirement further to deregulate labour markets in the aftermath of introducing a basic income and likewise no indication that a basic income will eliminate bargaining inequality in the labour market. The author concludes by proposing other ways to tackle the challenges posed to the labour market by digitalisation.

Few articles deal with the gender impact of digitalisation. Piasna and Drahokoupil argue that the world of work is being transformed and that this transformation is not gender-blind but instead taking place in a setting of gender inequality. The authors analyse the gender impact of digitalisation with regard to occupational structures, the place and the time of work, and career patterns. The analysis develops a gendered perspective of digitalisation, considering how it interacts with existing gender inequalities. The article concludes that digitalisation is not gender-blind and that, when tackling the challenges arising from the transformation of the labour market, one needs to rethink policy in the light of existing and older gender inequalities, ensuring equal access of men and women to quality jobs and equal treatment in employment.

As shown in these two *Transfer* issues, digitalisation poses both old and new challenges to the labour movements. Since the dawn of industrialisation, trade unions have negotiated the introduction of new technology in the workplace, focusing on how it displaces jobs, reorganises work routines and impacts wage formation. But this new wave of transformation is posing new challenges with respect to organising and representing workers in the gig economy. The ongoing debate on digitalisation has sparked renewed interest in how the social partners can engage in dialogue on these emerging issues: while much of the literature focuses on how trade unions can organise and represent platform workers, the issue of how social partners can negotiate workplace digitalisation is also gaining more attention.

The article by Ilsoe focuses on how social partners have negotiated the introduction of digitalisation in private sector services in Denmark, Sweden and Germany. Looking at social partner initiatives in the unilateral, bipartite and tripartite arenas, the article analyses how the social partners define digitalisation of work and its consequences and how they have overcome the challenges posed. The results show that the social partners converge in their understanding of digitalisation and its important trends, but diverge with regard to how to deal with the challenges. Trade unions mainly see digitalisation of the economy as a labour market issue bringing with it job losses and more precarious working conditions and wages, while employer representatives

perceive it as a business policy issue and fear overregulation. In general, most initiatives take place in the unilateral arena. Denmark stands out in the sense that the social partners have engaged very little in the bipartite and tripartite arenas and seem far from having converging opinions on the consequences of digitalisation. Conversely, the social partners in Sweden and Germany have participated in several tripartite commissions, forging a common understanding of the consequences of digitalisation. Germany, however, seems to be the only country where the formal bipartite arena has been mobilised and where collective agreements have been concluded on the consequences of digitalisation, albeit solely in larger companies. Ilsoe concludes that it is surprising that the bipartite arena has hardly been mobilised in the face of the challenges digitalisation poses to existing regulation, in particular as this is the main channel for regulation. The article raises the question of how and where to regulate the still marginal but rising trend towards platform work.

This last question is addressed in the News and Background article by Fredrik Söderqvist. The author analyses and discusses the Nordic approach to regulating intermediary online labour platforms. The author makes a distinction between firms that ‘utilise platforms to improve the way work is organised to deliver higher quality goods and services’, thereby contributing to job creation and new types of services, and platforms that ‘achieve a competitive advantage via social dumping’, i.e. reducing income security and lowering benefits and working conditions. He goes on to identify ways of addressing the regulatory challenges in order to promote the first type of platforms. He emphasises the fact that self-regulation in the Nordic countries is two-sided (via collective agreements) rather than one-sided. This two-sided approach is being developed and adapted to deal with emerging platform practices. The main idea is to lower the transaction costs for platform firms to comply with existing regulation. In practice this implies setting up a ‘platform institution’ facilitating the creation of digital standards and guidelines and allowing firms to remain within regulatory bounds. The platform institution would be owned by the stakeholders, meaning that trade unions and platform firms would sign collective agreements. Incentivising platforms to participate in the new institution could be done by certification processes, with a certificate usable as a consumer label when marketing services. However, the ability of trade unions to meet this challenge is dependent on high trade union density. Hence it is crucial that trade unions engage in creative thinking on ways to represent these new groups of workers in the labour market.

What trade unions can learn from mobilising workers in the gig economy is the thrust of the News and Background article written by Tassinari and Maccarrone. The authors describe the mobilisation of cycle couriers in northern Italy, drawing conclusions as to what trade unions can learn from this. Mostly young, the couriers had been demanding better working conditions through a self-organised petition. Ignoring the request, the firm started hiring new couriers under worse conditions, leading to exploding public protests. As the dispute escalated, the couriers sought support from a rank-and-file trade union. The union submitted a claim to the company which went unanswered. As a result, the couriers unlogged from the app and staged visible demonstrations. Such actions lie mostly outside the traditional union repertoire, and the workers perceived the union involvement as limited. Though the company eventually met some of the demands, its strategy of waiting out the storm seemed successful in weakening the mobilisation of the couriers, some of whom have now resorted to legal action. The case shows that collective action is possible with a fragmented workforce, although the fact that workers are physically present in the same urban space is vital in understanding this. While the absence of traditional trade unions made it difficult to sustain the mobilisation, this also poses a challenge to unions in the sense of how they should adapt their frame of reference and organisational models to the gig

economy workforce, in tune with the closing of legal loopholes. New forms of mobilisation need to be experimented with, using traditional reference frames with new forms of visibility and attracting public support.

The third News and Background article does not question the status of self-employed workers, but rather questions the conditions under which such workers operate. It sets out four proposals to respond to the challenges arising from the 'uberisation' of the economy. The four stem from the experience of one of the authors in heading a cooperative for such workers. SMart was created in 1998 to support artists and has since grown to support other self-employed workers, 'allowing people to work as freely as freelancers and as safely as salaried workers'. The four proposals are: i) the right to social experimentation in Europe; ii) a European universal social welfare system; iii) encouraging large-scale economic and social cooperation to increase solidarity; and iv) promoting a collaborative, non-predatory economy. Graceffa and De Heusch argue that there is a need to test solutions and collaborate on issues with public authorities and organisations such as trade unions. With the world of work undergoing deep transformation, we should be working towards a collaborative economy not based on predatory practices but on new ways of exchanging and sharing goods, services and information and the principles of sharing and redistributive solidarity. While the status of a self-employed worker is not per se questioned, there is an urgent need to find ways of creating security and solidarity for this group of workers.

Last but not least, a special News and Background article was produced by the language editor, Richard Lomax, who worked on many of the articles for the two issues of *Transfer* on digitalisation. Having language edited many of the articles, he felt compelled to engage with their content from the viewpoint of his own experience. His contribution emphasises that there is a need to distinguish between different categories of self-employed: those that engage wilfully in self-employment and those that find themselves locked into self-employment as a means for firms to shift risks and decrease labour costs, thereby engaging in exploitation of cheap labour. He does however insist that there is a need to review social protection systems in order to take into account the growing share of self-employed in general as well as their difficulties in being included in the existing systems.

This issue of *Transfer* sets out the challenges and contradictions posed to the labour market by digitalisation. The articles address its challenges from different angles, such as job loss, job polarisation and income insecurity, and discuss ways of regulating and/or containing its likely negative impacts.

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