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The institutions of work for a world in transition

Prof. Tiziano Treu



International Training Centre of the International Labour Organization

Viale Maestri del Lavoro, 10

10127, Turin, Italy

www.itcilo.org

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**THE INSTITUTIONS OF WORK
FOR A WORLD IN TRANSITION**

Prof. Tiziano Treu

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The institutions of work for a world in transition
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1. A world in transition

In the last decade, a series of dramatic events has accelerated the pace of change in the social and economic organisations of our countries and indeed in our lives: recurrent economic and financial crisis, then the Covid pandemic, growing international tensions, the war in Ukraine and lately the incumbent threats of an ecological planetary drama.

While in the past, we were used to gradual changes now we face multiple transitions, which are moving at an unprecedented speed. Moreover, the reactions of public and private actors to these events must be decided in a context of extreme uncertainty.

At the same time, social problems are worsening, increase of extreme poverty, even in advanced countries, food insecurity, inequalities and conflicts between countries and within countries, millions of migrant people.

One major aspect of the new approach has to do with the growing interdependence of our economics and of our human destinies. The interdependence is so strict, as the recent recurrent crisis have shown, that the room for national policy making, even for the most powerful States, is being greatly reduced. Closer collaboration or even direct supranational policy choice and actions is required.

While the awareness of the stakes seems to be growing, the implications and remedies are far from being universally accepted, as shown by the controversies and uncertainties, which slow down decisions in the recent international meetings of G20 and Cop 27.

The time available for action is increasingly short: the UN warns us that this is the “decade of action”.

Minor incremental adaptations in private and public policies as practiced in the past are not sufficient to reverse these trends and to meet the present challenges.

A change of paradigm is necessary as indicated by the United Nations when it has approved the 2030 agenda for sustainable development.

The European Union has launched an unprecedented Recovery and resilience Plan (Next Generation EU) to be followed by member's states, with the view of promoting two transitions, digital and green, which should be the basis of a new economic and social model.

The impact of these transitions has still to be fully understood. However, I am convinced that it is not predetermined, but will depend on our decisions and on the committed action on the part of our governments and social actors.

2. Just transition: reconciling respect of the environment with economic growth

I cannot even mention the range of issues, the interests and values, which are at stake in the years to come. My remarks will concentrate on some of the most important issues related to industrial relations and social policies, with a general overarching question: how to make these transitions to be just.

As a general premise, we should clarify the priorities of our choices and of public and private policy-making.

In our history, the major focus of public policies has been concentrated on the social impact of sustainability; scarce or null attention was devoted to the implications of climate change for the world of work and for our future destinies.

In fact, the production systems of the last century, particularly the industrial sectors, have produced many negative effects on the environment.

This lack of attention was not limited to our area of studies, but was common to other social sciences; and has been shared until recently by the main representative social actors, whose primary preoccupation has been to bargain about the results of growth and in particular about its distribution.

This has been true also for the trade unions, whose action has rarely raised issues concerning the scope and quality of production. When this has been done, it was for verifying the impact of production on the conditions of work and not on the safeguard of the environment.

The reasons of the environment have been disregarded or marginalised until recently.

The fact of the matter is that including the respect of the environment in the essence of sustainability implies drastic changes and possibly disruptions in the productive and economic systems, which have been prevailing for a century.

The impact of the green transition on our industrial activities is already creating strong tensions among the social parties and difficulties of the public powers which are asked to sustain massive processes of enterprises restructuring and the relocation of thousands of workers.

3. The impact on employment: reasons for optimism?

A major test for a just transition has to do with its impact on employment. A much debated question among experts and policy makers is how and to what extent the new patterns of development, particularly the diffusion of digitalisation, will influence the trends of employment.

The opinions and the forecasts are uncertain, ranging from extreme pessimism to moderate optimism.

Recent trends do not confirm the former, because so far there are no signs of massive losses of jobs due to the impact of new technologies.

Most estimates by international institutions depict a rather stagnating scenario in many developed countries. Nevertheless, the prospects are highly differentiated.

Some countries will have difficulties in returning to the levels of employment and hours worked before the Covid crisis. Others will present only moderate increase in employment

Better prospects seem to emerge in some developing regions.

The European NGEU is based on the assumption that the resources and reforms devoted to support the two transitions, digital and green, will positively affect the levels of employment.

The full implementation of the National recovery plans is estimated to contribute to a considerable increase of the rate of employment (in Italy 3.6%), but not of the hours actually worked.

The ILO projections present a similar outlook and estimate that by 2030 particularly the green transition will greatly affect employment with approximately 25. Million new jobs created and over 7 million present jobs disappearing.

According to the World Economic Forum (2023) the impact of most technologies on jobs is expected to be positive over the next five years: Big data analytics, climate change, environment management technologies, cybersecurity are the biggest drivers of job growth.

In addition to the green transition, another area, which may contribute greatly to employment growth, is the care economy particularly for the ageing population, which has already demonstrated to produce a considerable number of new jobs.

Similar results can be reached in the various sectors of the so-called maintenance economy: building and urban renewal, water and landscape control, prevention of landscape degradation and the like. But in order to meet these target, a consistent public action will be needed to support and guide investments, with public resources, but also with private contributions, towards the objectives indicated by the NGEU.

Private resources will have to be accompanied by public support also for improving the quality of the services, which in tertiary sectors has often been neglected.

New technologies could improve both the efficiency of these services and the quality of the working conditions of the people involved.

Investing in the green economy can also promote better inclusion of working populations, because environmental degradation disproportionately affects vulnerable and low-income people.

The two transitions, green and digital, will have different impact on the employment in the various sectors. Consequently, they will bring about a massive redistribution of people and skills, with displacement of workers from sectors and enterprises negatively affected by innovation towards growing areas and firms.

This is a major challenge for active labour policies, which will be asked to accompany thousands of people in transition from one job and position to another, possibly several times in the course of their life.

This process of accompaniment will become a major component of a new public welfare policy, aimed at protecting people from the negative consequences of changing work and personal habits.

On the other hand, industrial policies, while supporting transformative innovations in production systems, will have to guarantee the gradual implementation of the most disruptive changes and to provide compensations for their negative impact on enterprises.

The importance and the dimensions of this policy will require the collaboration and joint efforts not only by public and private institutions of the labour market but also directly by private enterprises. The Human Resources Managers will have to rethink their mission in order to anticipate these evolutions and prepare their employees for the needed changes, first with the necessary training and retraining.

4. The changing quality of jobs: skill requirements and personal expectations

While the forecasts concerning the quantitative trends of employment are uncertain, all estimates indicate that the two transitions, which cut across, are economics, will greatly influence the quality of employment. Even though the characters relevant for qualification of green jobs are variously appreciated by the national labour statistics and experts, most of them will require skills different from those prevailing in the traditional economy.

According to Italian estimates shared between CNEL and the information system of the chambers of commerce, a great majority of future jobs (60%) will require green skills of an average level and 37% of high level.

The ILO underlines the great need of new skill in order to tap into the jobs opportunities offered by the green transition and the urgency to face with appropriate policies the serious skill shortage.

Consequently the investments in material and immaterial infrastructures, which are necessary for two transitions and which in Europe are provided by the NGEU, will have to be accompanied and matched by parallel investments aimed at enhancing people capabilities and skills. Thousands of teachers will have to be prepared and rewarded for the new tasks.

I stress both, because capabilities is a much wider concept than skills. The challenging characters of the new economy, rich of complexity, will require a greater amount of both as a

necessary equipment for being able to navigate in the changing economic and social scenario of the future.

Here again a leap in scale is required first by the institutions and by the actors of educational system.

The European Action Plan, implementing the Pillar of social rights sets very ambitious targets for the next years: 80 % of adults should receive and master basic digital skills, 60% of all workers should receive appropriate specific training every year in order to avoid professional obsolescence and to be able to exploit the potentials of new technologies in their working life.

Meeting these new needs will require not only major investments in education and in continuous training but also a renewal of their contents aimed at linking them to the needs emerging from the implementation of the two transitions.

According to a recent Recommendation of the European Council (14.1.2022 COM 2022 final “learning for environmental sustainability”), integrating the principles of environmental sustainability in all the programmes and process of education and training is essential to develop the skills and abilities necessary to support the green transition.

Our nations are called to an effort in education similar to that required in the past to fight mass illiteracy. Now the objective is to avoid the risk that a digital divide may increase the amount of social and personal inequalities, which have already impoverished our societies.

Meeting the needs of skills for the digital and green economy will require not only devoting to the task more resources but new institutions and instruments. The school system will have to be reformed in order to be able to provide to all citizens, beginning from childhood, the quality and quantity of information necessary to operate in the knowledge society.

The contents of education will have to be reframed with new mix of technical and relational skills; and these new tasks.

The link and exchange of experience between the world of education and the world of work is more necessary than in the past, in order to better steer education to the needs of the future.

The phenomenon of a skill mismatch which is growing as a consequence of the great labour market volatility needs to be closely monitored and controlled, because it is multiplying the examples of over and under qualifications of workers, thereby causing great waste of personal and economic resources.

For the same reasons, greater attention is needed to improving the institutions which can facilitate the transition from school to work particularly for young people: namely the system of educational counselling and guidance, jointly organised between schools and employment services, the various forms of internship stages and apprenticeship.

A renewal along these lines is necessary not only for the public school system but equally or even more for the institutions of vocational training and of continuous education.

Some legislations and many collective agreements recognise continuous education as individual right, and provide instruments to make it effectively available to citizen and workers: paid leaves for training during work time, individual learning accounts (ILA), incentives to educational programmes, particularly when jointly organised by social parties.

5. New business strategies and practices

The new model of development indicated by the green and digital transitions call for a profound change not only in labour policies but also in business strategies and practices.

The social responsibility on the enterprise, often quoted but not always implemented, will be put to a new test. The companies will be asked to move beyond the prevailing imperative of the pursuance of shareholder value and will be called to account for the impact of their activities on a variety of stakeholders, beginning with the employees. Working people, particularly of the young generations have new, more personal expectation, from their work: not only the unions but also employers are asked to respond.

A concrete attention will have to be paid to the environment and to the communities where they operate, which implies changing the traditional priorities on short-term profits and engaging in longer term planning. A similar change of focus might imply a shift also in other areas of policy, such as public incentives to business, fiscal policies and stakeholders' representation in the governing bodies of the corporations.

As indicated by the ILO, changes will have to be introduced in most aspects of enterprise life, from the greening of the work places to the dematerialisation of many processes, to the alteration of the very sense of time and place consequent to the use of telework.

A major contribution to these targets may come from the use of the various forms of remote working allowed by digital technologies.

Intelligent work practices experimented in many firms, usually following Union management agreements, have showed that this type of work particularly, when implemented in a hybrid combination of activities partly remote and partly in presence ,may favour not only a better work life balance but also a more productive use of time and a reduction of energy consumption.

These positive results are most likely to materialise in firms, which have a wide combination of innovative practices, concerning the organisation of work, investments in continuous training and labour mobility, and effective involvement of workers in the management of these issues.

6. Sustainable working condition and workers participation

Extensive research shows a positive impact of working time organisation on the sustainability both social and environmental of productive processes but warns that the outcome of these work patterns is not to be taken for granted and depends on the general management of employment relations on the enterprise.

Improvements of these processes have been made possible by quite a few collective agreements signed, particularly at the enterprise level, which have adopted various regimes of flexible working time, possibly combined with the reduction of working hours.

These win-win combinations can be maximised if the new regimes of work are extended to the majority of firms and connected with a parallel renovation of the systems of transportation and of city planning.

The regulation of this new set of issues is already present not only in some enterprise collective agreements, but also in some territorial accords between the social parties with the participation of local governments which tackle the wider implications of remote working on the external environment.

New challenges are also emerging in the areas of health and safety, due to the connections between the quality and the risks of the work places and the external environment

The increased permeability allowed by technologies between the borders of the firm and the external space, has made clearer than ever the importance of these connections in both directions.

It has showed that the negative consequences of dangerous and unhealthy conditions of work on the environment are more widespread than in the extreme cases of ecological disasters

reported in many countries of the world (from Chernobyl to Fukushima) and consequently must be considered in the labour law regulation of the matter.

In the other direction the experience of the Covid pandemic has given renewed evidence that the pollution of the environment not only threatens the health of the population, particularly of the weakest members, but may also endanger the workers by worsening their personal conditions and reducing their resistance to the conditions and burdens of work.

A renewed focus will also be demanded on the practices necessary to promote the involvement of workers in the organisation of work and in the decision process of the enterprise.

In countries like many European where workers participation is promoted and regulated by law the instruments of participation will have to be adapted to the contest of the digital enterprise: in particular finalised to regulate and control the use of intelligent machines, and artificial intelligence in employment practice. The proposal of a European directive in this respect calls for a human-in command approach to digital technologies.

In other countries like Italy where collective bargaining often very conflictual has been prevailing over participation, new forms of workers involvement are being experimented, because they respond both to the expectations of the new generation of workers and to the need of the firms to gain the loyalty of these workers and to mobilise them towards common goals of productivity.

7. Changing labour market and universal labour guarantee

The changing labour markets and their increased volatility have given origin to a variety of forms of employment, often quite distant from the classic blue-collar industrial workers on which the labour law and welfare system of most advanced countries have been built.

The need to adapt the traditional rules to the new forms of employment in order to afford them adequate protection has been recognised in many countries, with consequent changes in the legislation and in collective agreements.

The extent of this normative revision is variable and in many respects still inadequate. However, a major set of reforms is being proposed and promoted in quite a few countries along the lines indicated by the Decent Work Agenda of the ILO and by the European Pillar of social rights.

These documents stress the need to extend the protections traditionally reserved to the labour force, while adapting them to the different needs and positions of the specific groups of workers.

A selective universalism, as it is called by labour experts, will guarantee to all workers regardless of the type of their contract of employment, fundamental rights such as freedom, of association and right to collective bargaining, prohibition of any kind of discrimination, of child and forced labour; in addition, a set of basic working conditions, like adequate living wages, limits on hours of work, safe and healthy workplaces.

More favourable rules will be determined by law and particularly by collective agreements, in order to respond to the specific needs and conditions of the working population of the digital era, including many workers with a status of formal autonomy but in condition of economic dependence which are often deprived of any protection.

8. New criteria for the evaluation and reward of employees

The changes promoted by the various aspects of “greening the enterprise” have direct implications on the systems of evaluation and reward of employees.

Innovations in both areas are present in some innovative management practices and collective agreements; but the good examples are far from prevailing in actual practice.

The systems of job classification adopted by firms and collective agreements have been rather resistant to innovation. However, if the changes in the organisation of work mentioned above must be finalised to the objectives of sustainable development and of environmental improvements, this should have some impact on the classification and evaluation of the different jobs.

Recent agreements like that of the Italian metalworking industry have reshaped the evaluation system of the different categories of employees in the intent to respond to the need of flexibility and of internal mobility, without specific concern for environmental implications.

The changes in the organisation of production and of work may be reflected not only in the structure of basic wages but also and possibly more directly in the various systems of incentives and payments by result.

In the last years, the number and quantitative importance of payment by result, often connected with welfare benefits, have greatly increased, also due to the fiscal incentives that many legislators, including the Italian, have introduced to support them.

The Italian legislation has distributed the incentives to these pay systems and to welfare benefits in a rather undifferentiated way, which has dispersed resources and reduced their impact.

9. Poverty and working poor

A major challenge to social policies has come from the increase of poverty among the population and even among workers.

Many European countries have introduced measures aimed at combating poverty in the various forms

Specific welfare provisions are in place, which guarantee a minimum income to persons in conditions of poverty as defined by law, usually conditioned to some kind of means testing. The amount and conditions of these provisions are quite variable among the European states. In order to remedy to this condition proposals to introduce a European measure of this kind with common rules have been advanced: but so far with no success.

An European directive has been approved (2022) directed to give common regulations to the measures of minimum wages which were already existing in most European countries

In order to overcome the resistance of some member states (Italy, northern countries) which objected to the intervention of legislation on this matter, to be left to the social parties, the directive has admitted another way to guaranteed adequate minimum wages, namely through collective bargaining.

An effective application of the directive poses two major problems. One: the need to assure that the minimum wages stated by law meet the standard of adequacy. The commission has underlined the fact that many existent national wage minima are fixed below the poverty line.

Two: guaranteeing that the minima fixed by collective agreements not only be adequate, but also be effectively applied to the generality of employees of the various sectors.

The Italian case shows that many collective agreements signed by social parties which not really representative of the employees allow for wages far below the standards of decency. Moreover, even collective agreements signed by the major unions are often disregarded or eluded, because in Italy collective agreements have the status of private contracts and lack general effectiveness.

The directive recognises the need to support collective bargaining particularly in the weak sectors of the economy, not only scarcely qualified services but also modern logistics and sectors widely using platform workers. This indication must be taken seriously.

10. Regulating digital platforms and protecting platform workers

Another important proposal of directive is being discussed by the European institutions concerning the regulation of various issues raised by the diffusion of platform workers and of platform enterprises

A first part of the proposal aims at clarifying the controversial issue of the legal qualification of these workers (the so-called riders are the most known). It does so by providing that, given certain indicators (organisation of work and of the main working conditions by the platform), the workers be presumed are subordinate, unless the platform enterprise give evidence to the contrary.

A second section regulates the use of digital devices (algorithms and artificial intelligence) in the management of labour within the enterprises, a practice that is becoming common in many modern companies.

The proposal introduces some basic protections of platform workers, procedures to inform them of the impact of these devices, guarantees for workers privacy, right of employees to challenge the decisions of the platform and request their motivations

The labour unions have the right to be informed and consulted on the adoption and the use of the platforms in the firms.

A frame agreement between the peaks organisations of the European social parties signed in July 2020 provides for specific procedures aimed at ensuring that any application and use of digital platforms will respect the fundamental social rights and the principle of human control on these devices.

The social parties are called to implement this agreement in the national context because its regulations are more precise than those of the proposed directive are and will better assist the employees vis-a-vis the digital enterprises.

11. Strengthening and revitalizing the institutions of work

The transformations of the world of work which have been sketched here are so profound that meeting their implication will require committed and convergent actions by all the agents of our communities: public institutions, social actors, labour unions and business associations in the first place, and responsible persons.

The need for such joint commitments is widely recognised and explicitly advocated by the European Next Generation programmes.

Nevertheless, the disintermediation process of the last years, favoured by new technologies and globalisation has weakened the traditional social representation systems in most countries, and consequently reduced the influence of the institutions of industrial relations, collective agreements and workers participation.

If joint collective efforts are necessary, as I believe, to master to impact of two transitions, a major policy choice for the future is to revitalise collective actors and activities.

This is a decisive challenge for the collective actors themselves, which must respond and innovate their strategies if they want to avoid their decline. However, legislation and public institutions may contribute to meet the challenge, since this is in the common interest of more equitable and balanced social relations.

Social dialogue in the different forms practiced in many countries has played a key role in managing social and economic changes in the past. It will be called to prove the same capacity in the difficult challenges posed by the new economy.

There is a need to reinvigorate the social contract that gives all working people, including the many who are currently excluded, a just share of economic progress, respect of their rights and recognition of their contribution to the economy and to common welfare. Two contents of this new social pact should be high in the agenda: increasing investments in people capabilities and strengthening the institutions, public and collective, which regulate and support the various forms of work.

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**Academic Day 2023
of the
Turin School of Development**

9 May 2023

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