

Comments on “Scarce Skills, Not Scarce Jobs”

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1 Introduction

Keeping up to date with qualifications and skills form one of the key challenges for societies and individual in the digital age. How can this be organised, what are the key objectives and who is responsible for what?

One answer is that it is up to the individual or, more practically – as one business representative espoused – workers should get 5-year contracts and their employer can renew them if their skills are up-to-date.

From a trade union perspective, and I believe also from a societal and ethical perspective, this is not the way forward. We need to adapt our structures and processes with the objective that working life allows workers and their families to live in dignity – also in the digital age. A key aspect is that working life provides long-term stability, predictability and a career perspective. While it might not mean one job for life, employment for life with decent pay and decent working conditions remains the goal. We need a standard employment relationship 4.0.

To achieve this, the European social model as we as trade unions understand it, relies besides on business on strong collective bargaining systems as well as a legal and regulatory framework that in the first place aims at forwarding the interest of citizens, not business.

Let's look at challenges regarding qualifications and skills:

2 Speed and unpredictability

The pace of technological change is accelerating. Already some years ago, a CEO of a major bank said that the same magnitude of technological change over the last 20 years will be happening in the next 5 years. Think about what technology of today we did not have in 1997 and extrapolate to the difference from today to 2022. Similarly, there are estimates that 40% of jobs or at least of job content changes in the next 5 to 10 years.

Our mind-set still seems to be that we have this rapid revolutionary change now and after a while we have a new equilibrium. This won't happen. We have exponential change: it is like compound interest or the old story of putting 1 grain of wheat on the first square of a chess board, double it on the next square and so on.

If job content changes so fast, the traditional linear approach for training does not work in an age where no qualification or core competencies are lasting. We cannot squeeze into an ever shorter period identifying new skill needs, setting general standards, developing a curriculum, training teachers, teaching workers and having workers using their new skills in their jobs before they are outdated.

This also means that societies, companies and workers have more difficulties to plan for their futures. What do we do if even a large IT company reduces its long-term planning to 3 years? What are the right choices to make today if the time horizon is 5 to 10 years – for social security systems, company strategies or an individual's career planning? The risk and consequences of making wrong choices becomes greater: simply put, a worker might have invested in a job gaining new skills that are actually the wrong ones 5 years down the line. Take the example of Nokia as a mobile phone company, current changes in the finance sector or in the past the rapid decline of the European textile industry.

The practical question is how can we – again as societies, companies and workers – make choices quicker, in shorter intervals and with less knowledge of the world of work 5 to 10 years hence? From an ethical perspective, the answer cannot be to trust in the survival of the fittest worker, company and country.

3 Globalisation and companies

Digitalisation also means an increase in the globalisation of markets and companies while the provision of qualifications and skills remain foremost country specific. In particular in services that can be provided remotely, consumers and companies, can source these from countries where work, including up-to-date skills levels, is cheaper than at home. One factor here is the extent to which training is not financed by companies but by the state or individuals; for instance, being able to replace one's workforce constantly with new IT university graduates is cheaper than retraining one's workforce.

At the same time, companies, especially the larger ones, are less linked to the countries they operate in, including their home country. Top management is not part of a national elite. Work structures and hierarchies are organised across countries. The value chain is "fine-sliced": due to outsourcing and franchising necessary core tasks are reduced. The result is a diminishing core workforce with a stable employment relationship that moreover is spread across several countries or even continents.

On top of this, the speed of change reduces the utility for companies to develop core competencies. Instead, it is more efficient to source competencies from other players, discarding them if no longer up-to-date. For societies, this raises the question how they can keep the skills and qualifications of a national workforce up-to-date if companies, especially the more resourceful ones, are able to evade contributing? How can companies be enticed to invest in skills developments in any particular country?

4 Workforces

Current tasks and jobs become obsolete throughout the economy – not only in a limited number of sectors. The major impact is in the services industries, the backbone of European economies. This affects in particular mid-skilled and mid-salary jobs (administrative, clerical work, transport and logistics but also technical, professionals and managers). Skilled routine tasks can be replaced by IT systems or taken over by workers in less expensive countries. The result is further polarisation of the labour market and more inequality in society. While low quality jobs will remain more numerous than high quality jobs, the ratio of mid-quality jobs will fall to about 50%+ of the workforce by 2025. For mid-level workers today, we therefore see a relative de-skilling of their work. A side effect is that the gender pay gap will increase, since well paid jobs for women are foremost in this bracket.

With a smaller core workforce in companies, an increasing number of workers permanently moves to hyper-flexible jobs. While for some, these are employment relationships (temporary contracts, zero-hour contracts), for others these are on-and-off

contract work (freelancers and crowd-workers). In the extreme, digitalisation might make it possible that the prevalent employment model will be a global virtual labour exchange where people work without having an employer, colleagues, a workplace or a legal framework. Except for the core workforce, a worker might then no longer rely on skills development being organised by traditional company or industry structures closely linked to workplace and employer.

In terms of a workers' life, there is constant pressure for reskilling (with the risk of making the wrong choice) and for time spend on training to be integrated into workers' private and working lives. Work-life balance becomes work-reskilling-life balance. This has implications for stress levels as well as more generally for family life, gender equality and the ability of citizens to do voluntary work. Depending on how training is organised, workers might moreover be responsible for paying for reskilling while income might be precariously fluctuating.

The crucial question for societies is how a framework must look like to empower workers to attain new skills and to ensure decent working and living conditions?

5 Way forward

The challenges outlined may suggest a dystopian future. While not necessarily providing answers to the questions raised, the instruments and institutions developed across Europe over the last century can provide a toolkit. We need to use and adapt its elements with a view to establish a framework for updating skills and qualifications grounded in the principles of human dignity, solidarity and subsidiarity. Even if the reach might not be global, we need to endeavour to do so at national level and within the context of the European Union.

Elements for a fit for purpose education, vocational training and lifelong learning system are:

- all types of workers (including atypical workers, self-employed and crowd workers) are covered;
- an enforceable right for workers to paid education and training, including paid leave, that allows them to keep abreast of changing skill requirements and to up-skill;
- a funding system that obliges employers and consumers to contribute fairly;
- a mechanism for skill anticipation, skill matching and job placement;
- a framework for the recognition of skills and qualifications, especially those acquired through lifelong learning programmes, so as to make skills transferable between employers;
- new technologies and education/training concepts (especially e-learning) to develop flexible and easily accessible training programme

The role of governments is to provide an appropriate legal and regularly framework for these elements, not a training framework itself. In terms of actually organising reskilling, social partners, employers and trade unions, need to be at the core of the process. They are the closest to the workplace and have the most direct knowledge on what is needed. Social partners are thus in the best position to act with the required speed and continuity – of course, with support of other stakeholders, such as public authorities and training institutions.

On first sight, considering the rapidity of change, the most appropriate place seems to be continuous and incremental training on the job at company level supplemented by outside training. However, there are a number of caveats:

- an increasing number of workers does not have an employer;
- giving the responsibility to the employer tends to lead to company specific, non-transferable skills and qualifications;
- the financial resources, success and commitment of companies differ which may foster inequality of training opportunities and results.

To overcome these problems, the company level training activities should be embedded in an industry-wide approach that then also would open up possibilities to integrate self-employed and casual workers. The responsibility for running these training systems should rest with the social partners jointly and be based on collective agreements, in the first place at sectoral level. With European sectoral social dialogue, we have moreover a means to link training systems across countries in Europe.

This brings us back to governments and society. Collective bargaining and social partnership as well as collective and individual labour rights have weakened over the last decades. We need a joint effort by governments, employers, trade unions and society, including the churches, to reinforce these elements. They bring to life the principles of human dignity, solidarity and subsidiarity that should characterise a fair and just society.