

A BRIEF LOOK at social protection systems in the world of work

READY...

...for the future of social protection and work?

The OECD “Ready for Tomorrow” campaign aims to spark policy action to ensure that changes in the world of work create new opportunities for all rather than increasing inequalities.

Technology, globalisation and demographic shifts are rapidly shaping a new world of work. More and more people are engaged in forms of “non-standard work”: they work part-time, have temporary contracts or are self-employed, including as “gig” workers recruited through online platforms for specific tasks. What does this mean for their social benefits, such as healthcare, sick leave, parental leave, unemployment insurance and pensions? In many countries, benefits have long been based on the idea that people have a stable, full-time job with a single employer. But is this still feasible today? Social protection systems need to be adapted to today's world of work so that those with non-standard jobs are not be left behind. The risks of inaction are real: a patchy social safety net, combined with a lack of social mobility and prevailing income inequalities, could result in increasingly high inequality in our societies.

What we know

- **One in six workers in OECD countries is self-employed and one in eight employees is on a temporary contract, while the number of “gig” workers is growing, though still much less prevalent than other forms of work.** In the United States, for example, only 1% of adults received income through an online platform (in any given month between October 2012 and September 2015). At the same time, in Europe and the United States, 20-30% of those 15 to 64 years old say that they have undertaken independent work at some point in their lives.
- **Social protection of non-standard workers is often patchy and the quality of their jobs can be low.** They may work only occasionally or irregularly, often for small blocks of time, and may be considered self-employed. They may have multiple jobs and income sources in order to make ends meet. There may not be rules covering their working hours, employment status or wages. Overall, such workers face greater job insecurity, may lack adequate access to social benefits and experience more work-related stress. They also receive less training and have fewer opportunities for career advancement than those in traditional jobs.
- **Gig workers may have access to only limited social security coverage** - or have no coverage - as their status as employee or contractor may be unclear, though the situation varies across countries. Platform work does provide opportunities – especially for workers in emerging economies – and flexibility in tasks and hours for those who seek it.
- **Non-standard work does not affect those earning the most and those earning the least in the same way.** Non-standard work tends to lower wages at the bottom of the earnings distribution, while having a neutral effect on the highest earners. This increases income inequality. Some countries have introduced measures to improve the wages of non-standard workers, particularly those with no guaranteed hours of work.
- **Non-standard work is contributing to a greater decline in “middle skill” jobs (those requiring more than a secondary education but less than a higher degree) relative to low and high-skill jobs.** Employment losses in middle-skill occupations have tended to be jobs with standard work contracts, while job gains in high/low-skill jobs were mainly non-standard forms.



20-30%

of the working-age population in the US and Europe have engaged in some form of independent work

What the OECD recommends

- **Ensure adequate access to social protections for all workers, whether in traditional jobs or non-standard work.** One way to do this may be to make benefits portable, decoupling benefits from people's work status and history. This would require a huge shift in the structure of social protection, but could improve extent of social protection coverage, especially for those in non-standard jobs. Additionally, by removing the risk of losing benefits when changing jobs, it would become easier for workers to switch jobs or switch between self-employment and working for an employer.
- **Adapt employment regulations and labour market institutions to today's realities and improve social protection coverage.** Non-standard work can result in companies favouring workers who require less employer input into social security and who are less protected, in order to lower costs. This transfers more risk to the workers. In this context, ensuring that people have access to minimum wages and employment protection and are covered by appropriate health and safety regulations, whatever their forms of work, could help. Unemployment and activation policies are another area for development: at present most non-standard workers do not have access to benefits for those who have lost their jobs, although some countries have devised or are testing voluntary unemployment insurance programmes, to mixed success.



In over **50%** of G20 countries, the self-employed currently have no access to unemployment benefits and **37%** are at risk of not getting sickness benefits

Working examples of social security linked to workers rather than their jobs

In France, the "Personal Activity Account" programme, launched in 2017, allows people to accumulate rights and benefits throughout their working lives and to decide how to use them: for training, to start a business, to undertake a change of career, to shift to part-time work or – in some cases – to retire early. These are attached to the individual and follow them, even if they change jobs or sectors.

In Germany, workers in the entertainment or arts industry, who often work intermittently on fixed employment contracts, participate in a mandatory social security programme, jointly funded by the worker, institutions who use the worker's services and the public. However, the scheme does not alleviate the challenge of providing adequate pension entitlement to those workers in their retirement.



If tomorrow, you have fully insured drivers, warehouses workers, Deliveroo riders... the services will be more expensive! So let's hope that society also wants to pay for the protection of their peers in the labour market.

- Jacques van den Broek,
CEO, Ransdat

What do you think?

- How well are non-standard workers protected by the social security system against risks such as illness, loss of work or an inadequate pension?
- How much responsibility should employers have in providing social protection?
- How can governments ensure everyone is protected by a social security system? What do you think is the biggest barrier to this?
- Do you think there is enough social dialogue and worker representation in your country to truly stand up and advocate for the social protection of workers?

Where to look for more...

- **The Future of Social Protection: What works for non-standard workers?**
www.oecd.org/els/soc/Future-of-social-protection.pdf
- **A Fair Share: Universal Basic Income, et al...?**
www.oecd-forum.org/users/50593-oecd/posts/20862-a-fair-share-universal-basic-income-et-al
- **Jobs and globalisation: Towards policies that work**
www.oecdobserver.org/news/archivestory.php/aid/1943/Jobs_and_globalisation:_Towards_policies_that_work.html
- **Decent work matters**
www.oecdobserver.org/news/archivestory.php/aid/3071/Decent_work_matters.html

www.oecd.org/employment/future-of-work/