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FUTURE OF WORK CHALLENGES FOR THE ITALIAN LABOUR MARKET

Final conference of MOSPI project

Social protection in a Changing Labour Market - Policy evaluation using T-DYMM

On line, 15 december 2021



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With financial support from the European Union –EaSI PROGRESS AXIS

AIMS OF THE REPORT

- Tests a set of **policy options** for reforming the social protection system in Italy to address inequalities in the context of a changing world of work.
- The first section explores some characteristics of fragile workers in the Italian labour market dedicating specific attention to platform workers and reflecting on the experience of the Covid-19 crisis
- The second section presents a package of two policy proposals to address the limited coverage of unemployment benefits in Italy.
- Third section proposes the introduction of a ‘guaranteed’ pension for NDC workers, where the policy maker sets to relieve workers of a portion of the risk of underperformance of individual careers and/or of the country’s economic growth.
- The last section presents results for the two policy option packages combined in order to assess the overall impact of the proposed strategy.



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- ‘Fragile’ work has become one of the main topics in the debate on modern economic changes.
- Several alternative terms have been used to describe the ‘fragilization’ of work, including non-standard, discontinuous, informal, insecure, and precarious.
- Non-standard forms of work is a sort of umbrella for different employment arrangements that deviate from standard employment.
- They include temporary employment; part-time and on-call work; temporary agency work and other multiparty employment relationships and self-employment.
- Non-standard employment features prominently on digital labour platforms



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- The increase in non-standard forms of employment has been driven by a variety of forces, including demographic shifts, labour market regulations, macroeconomic fluctuations, and technological changes
- This greater diversity in working arrangements has allowed more workers to integrate into the labour market, but it has also posed **challenges** for working conditions, access to social protection systems, performance of firms, as well as for the overall performance of labour markets, economies and societies.
- The rise of non-standard work is an issue because it is associated with a high level of insecurity for workers, workers could have **difficulty to exercise their fundamental rights at work**, or to have access to on-the-job training, or to **social security benefits**.



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INTRODUCTION

Among the main risks (Giubboni 2013)

- The **lack of insurance coverage**: Some employment contracts are only insured against certain specific risks or are exempt from compulsory insurance contribution.
- The **lack of minimum insurance requirements**: Gaps in social protection may depend on limited possibility to meet eligibility criteria.
- Difficulties associated to the **calculation methods for benefits**: The take up rate of social benefits can be also lower for non-standard works and self-employed because of the calculation rules adopted for the accumulation of entitlements.
- The **impossibility of aggregating contributions periods**: People in fixed term work or self-employment have often difficulties in preserving their acquired rights when they (frequently) change employment.
- The risk of **inadequate levels of social protection**: Non-standard workers and self-employed can fulfil eligibility criteria and get effective access to social benefit that however are far from providing sufficient protection against social risks.

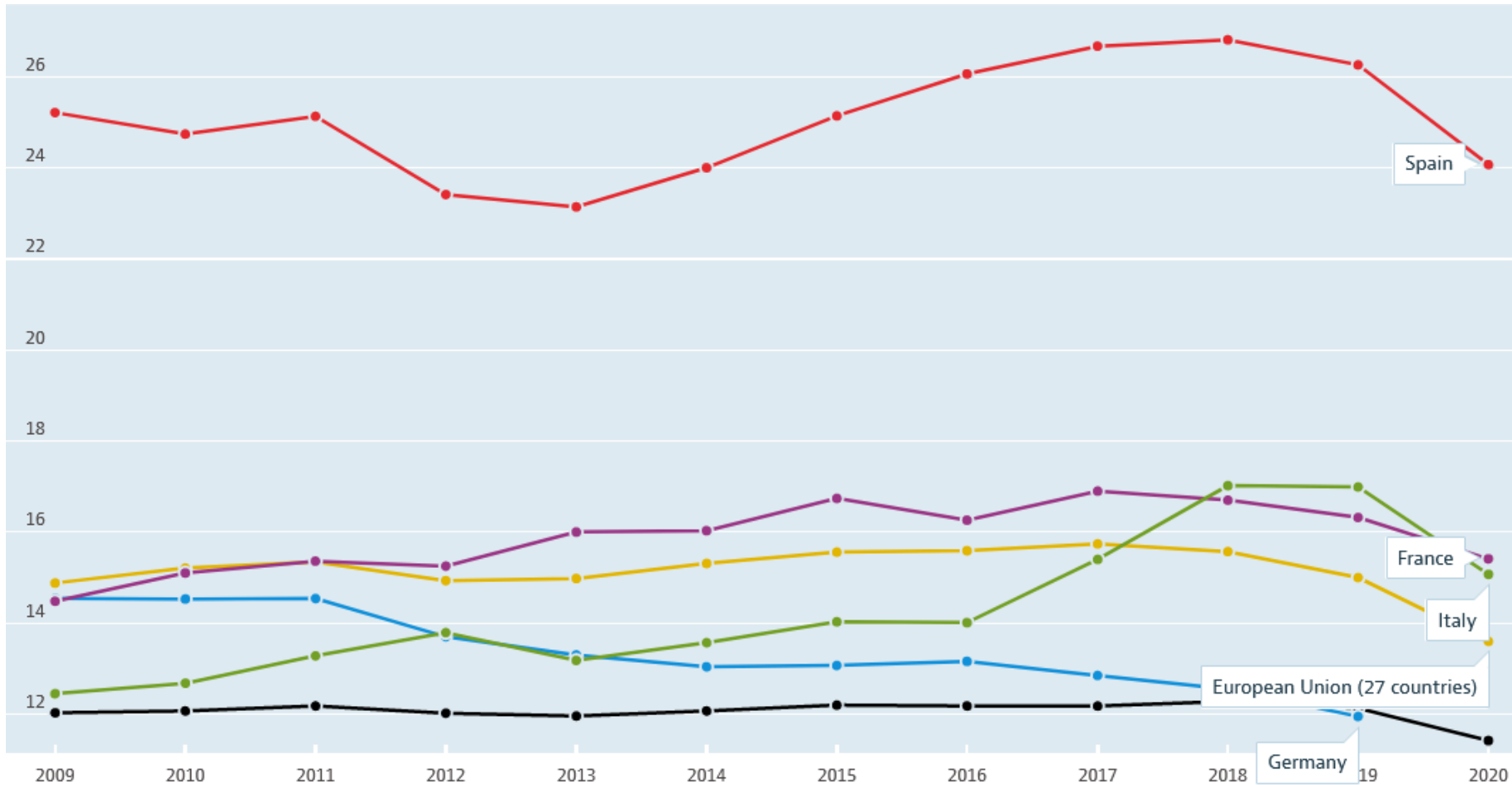


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TEMPORARY EMPLOYMENT IN EU



Source: OECD data 2009-2019, <https://data.oecd.org/emp/temporary-employment.htm>

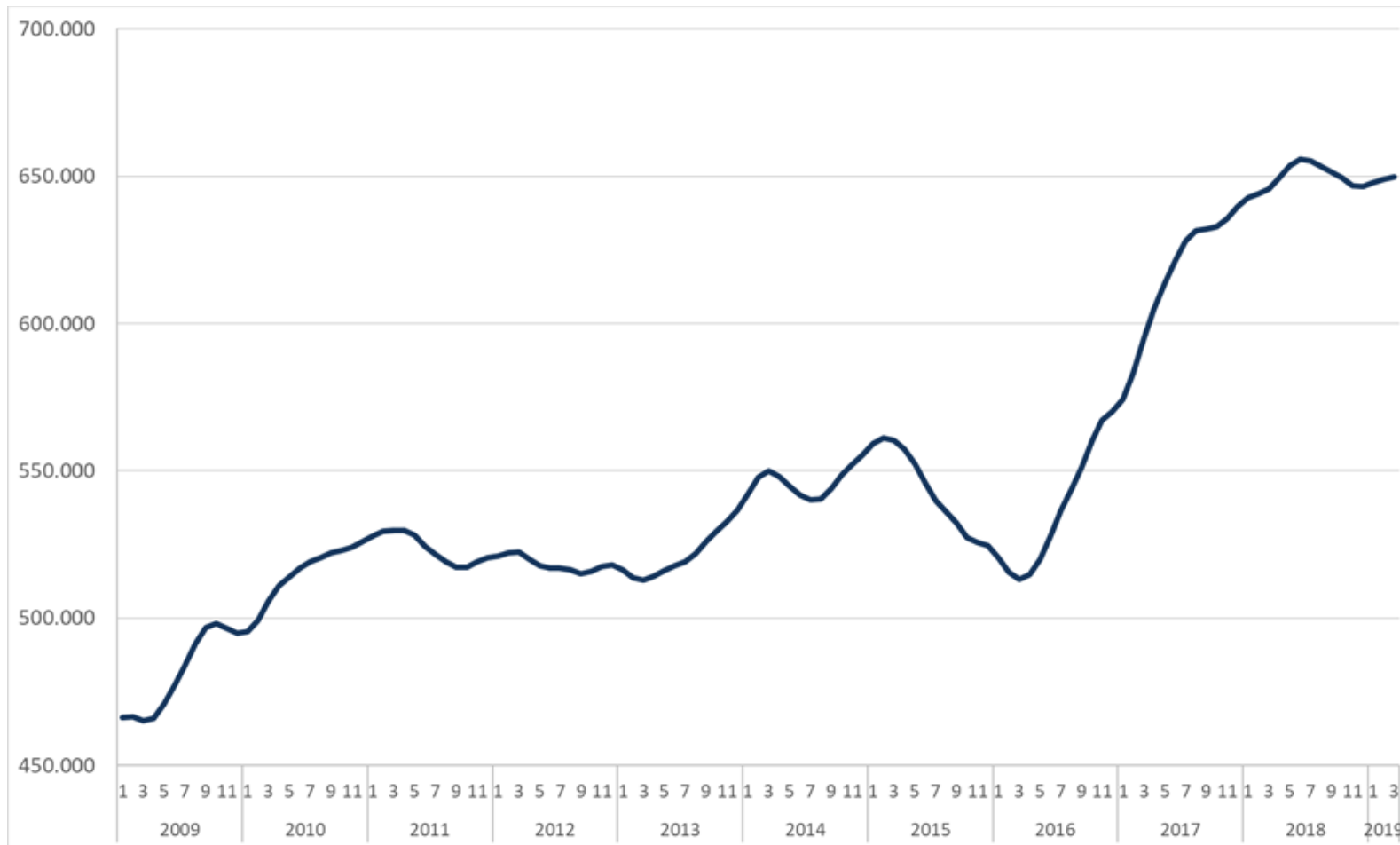


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TEMPORARY EMPLOYMENT IN ITALY



Source: Filippi et al. (2020)

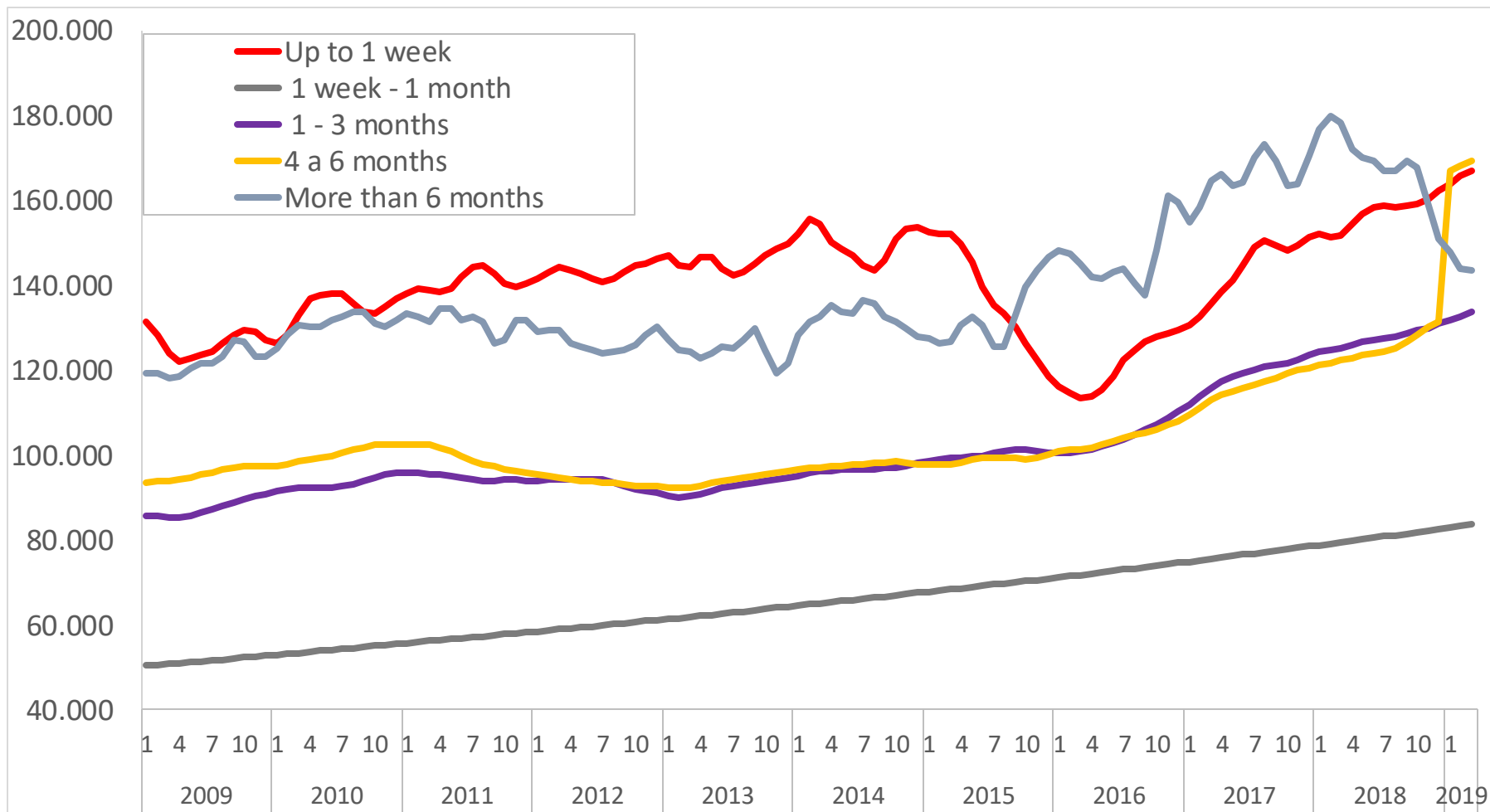


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TEMPORARY EMPLOYEMENT BY DURATION IN ITALY



Source: Filippi et al. (2020)

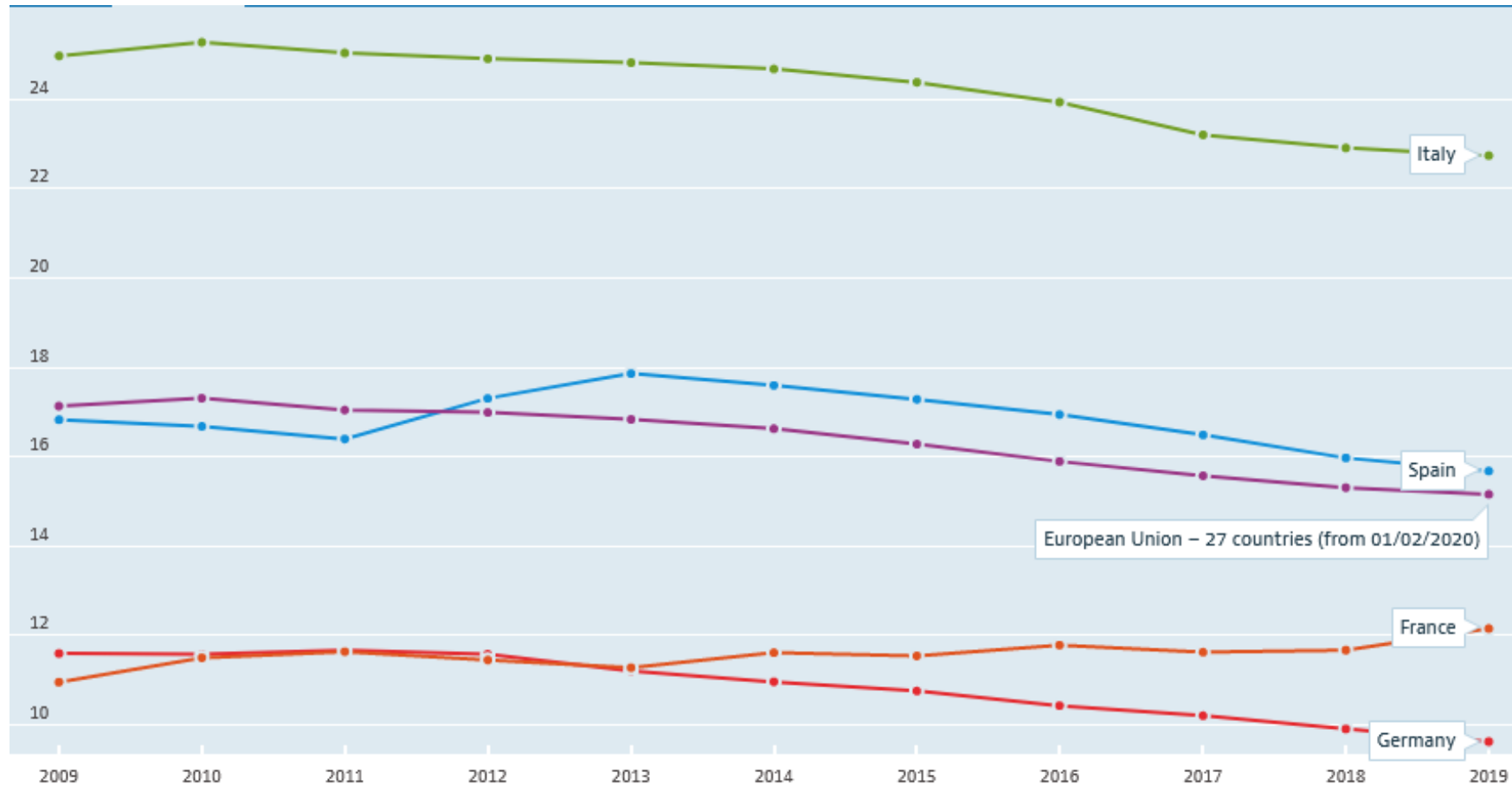


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SELF-EMPLOYED IN EU



Source: OECD data 2009-2019, <https://data.oecd.org/emp/self-employment-rate.htm#indicator-chart>



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	Self-employed
Age group	
17–29 years	10.83
30–39 years	27.84
40–49 years	32.74
50–64 years	28.59
Gender	
Male	68.80
Female	31.20
Self-employed with employees	16.6
Self-employed without employees (own-account workers)	72.0
Collaborators	11.4

Source: Brunetti et al. (2020), <https://www.inapp.org/it/ProgettiCompetitivi/MOSPI/documentazione>



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- Self-employed are twice as likely as employees to suffer from poverty and social exclusion
- Self-employed workers are particularly exposed to sudden drops in earnings (Eurofound 2017)
- In eight EU countries, including Belgium, France and Italy, the self-employed are barred from one or more of the insurance-based schemes that are mandatory for salaried employees such as sickness, unemployment and/or occupational injury
- However, even in countries where the self-employed can access social insurance programs, they might be under-protected in practice (Spasova et al. 2017)
- The Covid-19 epidemic has emphasised the fragility condition of the self-employed making it necessary to quickly adopt *ad-hoc* extraordinary fiscal measures to support them

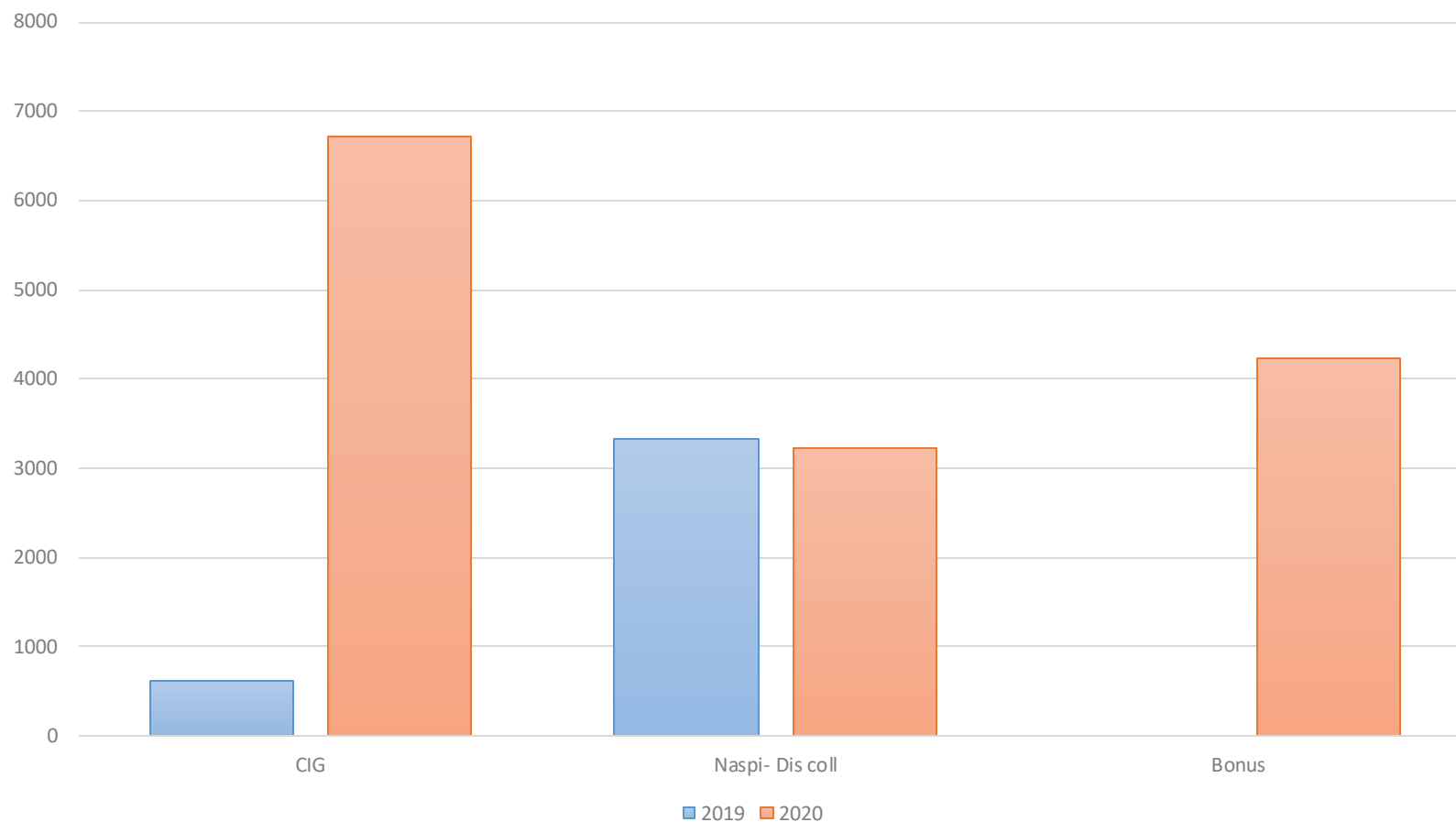


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Extension of social protection measures



Source: Inapp elaborations on INPS data <https://ec.europa.eu/social/BlobServlet?docId=24778&langId=da>



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Beneficiaries	Men	Women	Total	Average amount
Professionals/Collaborators	203,342	209,134	412,476	1,450 €
Self-employed	2,007,792	840,683	2,848,475	1,196 €
Seasonal workers	132,735	143,848	276,583	3,000 €
Agricultural workers	334,737	217,962	552,699	1,099 €
Entertainment workers	30,455	19,464	49,919	4,031 €
On-call workers	23,576	33,660	57,236	3,906 €
Fixed term workers (tourism)	10,307	9,324	19,631	2,430 €
Others	5,654	4,899	10,553	3,435 €
Total	2,748,598	1,478,974	4,227,572	1,407 €

Source: Inapp elaborations on INPS data (March 2021) <https://ec.europa.eu/social/BlobServlet?docId=24778&langId=da>

Note: "Others" includes occasional self-employed people, home sellers, self-employed workers of the so-called "red areas", self-employed fishermen, sailors



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- To classify the platform economy and, more specifically, platform work, face considerable difficulties due to the constant evolution of the phenomenon and of its often-shady core features.
- Ambiguities in the terms and concepts adopted exist: terms such as ‘collaborative economy’, ‘sharing economy’ and ‘platform economy’ being often used as synonyms (Eurofound, 2018).
- Snircek’s (2017) proposes a convincing classification according to which digital platforms are organised into five main types: advertising platforms, cloud platforms, industrial platforms, product platforms, labour platforms
- In turn, labour platforms can be divided into two macro-typologies:
 - **online-based platforms**, which target cognitive activities performed digitally, with work performance being outsourced across the world and possibly divided in micro-tasks;
 - **location-based platforms**: work takes place partially or totally in presence, with highly localised performances, definable and identifiable time and places



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Inapp PLUS 2018 (Brunetti et al. 2020)

- There is a higher probability of working for a platform for younger individuals, more often males, with a high education and living in Northern Italy
- Platform workers tend to belong to ‘fragile households’: households unable to deal with unexpected expenses (i.e. families exposed to relatively higher socioeconomic risks or characterized by a stronger social fragility *vis a vis* the rest of the population)
- According to preliminary estimates on INAPP-PLUS, those working for digital platforms as an additional job do not show any pension gap in terms of years of contributions



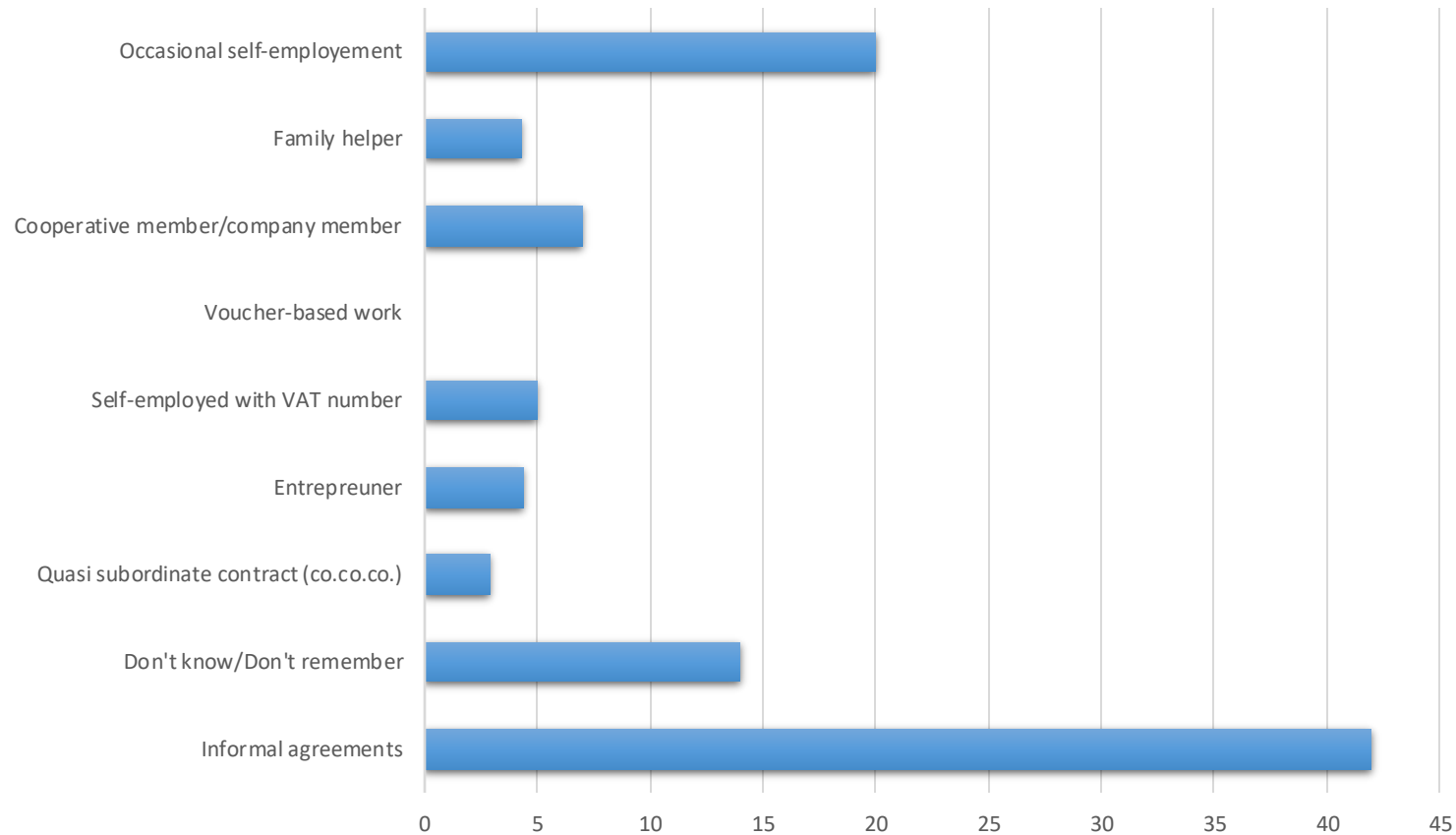
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Platform workers by status/contractual relationship

In Italy, 42% of platform workers declare to carry out their activities solely based on informal agreements



Source: De Minicis et al. (2019)



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Regulatory attempts in the field of social protection

Country	Status	Main features	Type(s) of addressed platform
Spain	Employment	<p>Following a consistent case law, The Royal Law Decree 9/2021 introduced a rebuttable presumption of employment for food delivery platform workers.</p> <p>The law assumes that algorithms are able to monitor, organize, evaluate and track the performance and the results of the work performance, this way enabling the organization of labour performances implemented in different time and places in a way similar to the employer/employee scheme.</p> <p>The law also amends the Workers' Statute in a way to guarantee platform workers and, consequently, unions to know the functioning of algorithms used to evaluate work performance and to assign tasks. An expert committee shall be established to advise the government and to assess the lawful use of algorithms and of artificial intelligence in employment relationships.</p>	Location-based platforms (food delivery sector)
France	Self-employed (ad-hoc category)	Food delivery workers are classified as self-employed, yet enjoying some employment rights (right to unionize, right to strike, and right to training) . In turn, platforms must adhere to some provisions ensuring transparency of the algorithms, and the compliance with the Code of transports.	Location-based platforms (food delivery sector)
Germany	Self-employed (ad-hoc category)	Despite being usually classified as self-employed, the German government set out a proposal to guarantee platform workers the right to statutory social protection coverage regardless of the adopted status. The German legislation also entails a third status, which could potentially be used in the future to cover platform workers.	Labour platforms
UK	Intermediate status	Considered as 'workers', an intermediate status between self-employment and employment, platform workers are thus recognized some employees' rights, like the minimum wage, paid holidays and working time regulations, protection against discrimination at work, but not others, like the protection against unfair dismissal.	Location-based platforms
Italy	Self-employed Employment (part-time work)	The Law no. 128/2019 solved only partially problems of classification of platform workers. On the one side, it presumes platform workers (both location and online based) are 'hetero-organised' (as per the interpretation provided by the Supreme Court, a self-employment relationship attached employment rights). On the other side, it set out specific protections for riders only, with occasional relationship, including statutory insurance against accidents at work, and limitations on the use of rating and ranking systems to assign shifts. While doing so, the law assigned strong prerogatives to collective bargaining for both categories of platform workers. So far, unions achieved an agreement with a large platform recognizing food delivery platform workers as employees yet keeping a fragmented working time (even entailing 10 working hours per week, across six working days). Another agreement signed with an organization covering top food delivery platforms classifies platform workers as self-employed applying some of the protections granted by Law no. 128/2019, but also derogating others, like the ban to piece-based pay. The agreement repeatedly labels the platform as a bare algorithmic technological structure, an IT service provider supplying a service matching supply and demand of labour in the digital space.	Labour platforms Location-based platforms (food-delivery)

Conclusions

- Europe has been experiencing a growing diversification in working arrangements: decline of standard employment and the significant growth of non-standard forms of employment
- The emergence of non-standard forms of employment has created **challenges for the world of work**, in particular when employment in non-standard arrangements is not voluntary.
- Non-standard forms of employment can affect all aspects of working conditions: freedom of association and collective bargaining rights, employment security, as well as **social security coverage**
- In most social security systems, coverage rates of workers in non-standard arrangements are lower than workers in standard employment due to restriction on minimum tenure, earnings or hours. Even if workers are eligible, their benefit levels can be low because of lower wages and shorter contribution period



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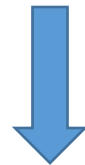
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How can the existing social security systems adapt to challenges imposed by the changes of world of work?



The existing social protection systems should be adapted to non-standard forms of employment.

The social security coverage should be extended to workers in non-standard forms of employment.



We propose a **policy options package** for reforming the social protection system in Italy



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THANKS FOR YOUR ATTENTION!

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