

## **Long Report:**

### **Workshop: You had one job – Adopting social security systems to the new digital work reality**

May 14<sup>th</sup> 2018 – On the topic of “You had one job – Adopting social security system to the new digital work reality”, NEOS Lab organized a workshop in cooperation with ELF. The event brought together four experts from the academic, entrepreneurial and political field to enhance the understanding of the needed adoption of social security systems in reaction to the challenges brought up by digitalization and work 4.0.

As an introduction to the event, NEOS Lab presented five of the theses put forward in the 2017 ELF publication on work 4.0 and its impact on the labour market, including the

- importance of the platform economy as a growing employment sector
- interplay between jobs and tasks when defining the work reality
- changing nature of the the current dichotomy between employees and employers
- reshaping of public goods (e.g. education and pension funds)
- future trend of an every-increasing importance of education, the interplay between infrastructure, industry, and research, and a further deregulation of labour activities.

First, participants worked out the main problem areas our social security systems face and clustered them thematically. In further discussions those challenges got prioritised by the participants.

The first cluster, concerning the working environment and new models of work in the gig economy, included the problem of owning and sharing data in the platform economy, and the discrepancy between the worker generating data without the ability to access the data herself. The experts also pointed to the lack of knowledge and reflectivity among workers in the digital economy on topics such as social security or career management, which is key in an area where having multiple jobs and heterogenous career paths are the norm. The lack of standards to transfer work credentials between jobs and sectors, and the shift of risk and responsibility from the firm to the worker were also highlighted.

The second cluster, focusing on the structure of health care and social security systems, included the mismatch between new economic models and the regulatory framework on issues such as financial contributions. It was further highlighted that a nationally and sectorial fragmented system of pension contributions will prove incompatible with the increased flexibility of labour in the European Union. Further, employment gaps and periods of re-orientation will be the norm rather than an exception to typical career paths, creating a mismatch between current norms and social security schemes. The experts further drew the attention to the amount of overhead our current social security systems are coming with, and highlighted the ever-decreasing willingness of people to fund them, especially when they are highly skilled and mobile, thus being in the position of opting for the solution that benefits them the most while costing the least. They agree that this can lead to lower levels of social trust in our societies, a key necessity for sustainable social security systems.

The third cluster, labelled the new dynamics of work realities, pointed out the issues generated by the hybridisation of employment categories. This includes the new development of a partly-unemployed status, the issue of sickness leaves for the increasing number of one-person companies and platform workers, as well as the challenging legal definition of economically dependent workers in a framework created for independent workers.

The key emerging issues, as identified by the experts and participants, included the

- need for ensuring (social) trust in the society
- need to keep an international perspective when adopting social security systems
- challenge of sustaining sources of financing (firms and new working models)
- the cleavage between European, universal and national solutions
- migration of current nationally fragmented systems
- new definitions and legal categories
- importance of continuing education
- risk of polarization between job categories.

During the second part of the workshops, the participants and experts shared their personal experiences with the changing work environments.

Johanna Vallistu, research expert at the Foresight Centre at the Estonian Parliament, described the Estonian experience with generating a legal framework inclusive for new models of work and entrepreneurship. She also put forward the Estonian solution of creating special bank accounts for one-person companies, that automatically take care of taxation, insurance coverage, and other financial obligations.

Bastian Unterberg, CEO and founder of Jovoto, a crowd working platform focusing on the creative arts, described their attempt to create social trust among platform workers, clients, and the platform itself. He pointed out the need for a binding code of conduct to make values explicitly clear to all participants from the very beginning, and to provide a benchmark for a transparent evaluation system. At the same time, he stressed the challenge of finding the right balance between an open and fair system on the one hand, and the vulnerability of being exploited and hacked by actors who understand how to play the system on the other. Further, he emphasised the need for international solutions to ensure that businesses continue operating in their respective host country.

Including a perspective from Switzerland, Corina Gredig, a member of Zurich city council and founder of the Green Liberal Party Lab, presented a current initiative to increase the flexibility of access to the national pension systems, a proposal that includes the option to take up to 18 months of pension at any time of a person's career, which for instance can be used for career re-orientation.

The last part of the workshop consisted of a scenario development by the participants, focusing on different areas of future social security. During this process, one group highlighted the importance of private firms in the future of health insurance, and the new possibilities for utilizing data to make security systems more efficient, thus providing more service and coverage while reducing the individual costs. Another group stressed the need for experimental social policy that takes well defined risks to develop and implement policy changes. This is also connected to the question of social inclusiveness, and must consider the risk-averse population share. They described the prospect of data driven government solutions, using automated taxation and accounting procedures that take care of financial contributions on a dynamic basis while ensuring general social security coverage.

Concluding, the experts and participants agreed that the conglomerate of new work dynamics will lead to lower levels of social trust if current social security systems don't become more flexible in every regard to match the needs and realities of the future labour force. For this, the public and private sector will have to cooperate in creating reformed flexible social security schemes to sustain a safe and secure society.

Highlighted experts included:

Johanna Vallistu, Foresight Centre at the Estonian Parliament

Bastian Unterberg, Founder and CEO Jovoto

Corina Gredig, Green Liberal Party Lab Switzerland

Sarah Tripp, Policy Advisor NEOS