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Best practice for equality/ Idea Factory 2 : Flexible/liberal labour market

Avenir Suisse's Think-Tank Summit 2019

Inputs from Tibère Adler | Avenir Suisse:

Liberal ideas for the labour market

Zürich, January 22, 2019

Switzerland, a (relatively) liberal labour market

What is the assessment for the framework conditions? The panorama is contrasted:

- ✓ **Private employment law** (work contracts)
- ✗ **Anachronistic public labour law** (regulation of working time)
- ✗ **Social insurances designed for linear careers**

Challenges for a liberal labour market

Eight important challenges selected for the Idea Factory :

1. Emergence of the Gig Economy & New forms of employment
2. Working time flexibility
3. Work-life balance
4. Flexi-security (Insiders vs. Outsiders)
5. Employment of Seniors (> 50)
6. Equal pay for equal work
7. Social security in the digital age
8. Renewed social partnership

Challenge no 1: Gig Economy & New forms of employment

Problem/ State of situation

Emergence of the Gig Economy

New forms of work :

- Part-time work
- On-call work
- Home office
- Platform work
- Multiple activities
- Multiple statutes

Possibles answers/Main questions

Really ? Freelancing volume still relatively small

CH: only **part-time** and **multiple activities** are on the rise. A liberal private employment law has enabled to “absorb” easily the part-time increasing wave.

Promote job/work creation rather than statutory protection.

Challenge no 2: Working time flexibility

Problem/ State of situation

Working time regulation often based on industrial 19th century rules (work conceived like classical theatre: unity of time, place and action).

Work time flexibility can be:

- Desirable (new aspirations)
- Unavoidable (economically necessary)
- Market-driven (customer requirements)

Possibles answers/Main questions

Adapt Working time regulation to a society of international services

Eliminate complicated control procedures for working time recording

Set working time limits by annualized maximums, with specific compensation for peak overruns

Challenge no 3: Work-life balance

Problem/ State of situation

Multiple personal aspirations:

- Family life
- Personal goals
- Meaning at work

to be made compatible with work requirements

- ⇒ Flexibility (time, location)
- ⇒ Availability (connection)
- ⇒ Factual porosity between professional and private life

Possibles answers/Main questions

Work remuneration based on outputs/deliveries, rather than on time spent

Minimal protection needed ?
Right to disconnect ?

Increased personal autonomy is the appropriate counterpart to the blurring between private and professional life

Challenge no 4: Flexi-Security (Insiders vs. Outsiders)

Problem/ State of situation

Flexi-security is the trade-off between:

- Job security (“hire & fire”)
- Social protection in case of loss of a job

Healthy and vigorous labour markets have **high job rotation ratios** (DK 20 %, CH 15 %).

They are well prepared for the impact of digitalization.

Possibles answers/Main questions

What is a labour’s market regulation main purpose ?

- **Liberal view: facilitating access to the labour market for outsiders**
- Wrong: protecting insiders (ex. prohibition of layoffs)

Which future for unemployment insurance ? Covering the loss of earnings (current view), or help fill the professional skills gap (lifelong learning support) ?

Challenge no 5: Employment of Seniors (> 50)

Problem/ State of situation

Life expectancy increases
⇒ Legal retirement age should increase simultaneously...
...**provided Seniors have a job...**

Seniors (> 50 years old) in CH:

- are well employed within companies
- remain longer unemployed if they have been forced out of the labour market

Possibles answers/Main questions

Liberal view on Seniors at work:

- Maximal flexibility
- Cost neutrality towards younger co-workers
- Emphasize specific skills

Wrong:

- Increase legal protection, such as prohibition of dismissal for Senior workers (backlash guaranteed)

Challenge no 6: Equal pay for equal work

Problem/ State of situation

Universal legal principle, but difficult to implement.
“Equal work” is particularly tricky to define

“Non-explained differences” in remuneration between men and women are often described as “discrimination”.

Possibles answers/Main questions

Liberal view: facilitate women’s access to the labour market:

- Promote education
- Childcare prices should not depend on income
- Eliminate discouraging tax negative incentives for couples with two jobs

Questionable:

- Increased control processes
- Reverse the burden of proof

Challenge no 7: Social security in the digital age

Problem/ State of situation

Social security based on the concept of “one career, one employer, constantly increasing salary”.

Manichean distinction between Employee & Independent.

Social security systems struggle with new forms of work and remuneration, e.g. part-time, irregular, occasional, low-paid occupations, multi-activities.

Possibles answers/Main questions

Adapt social security coverage:

- Coverage should be person-based, not job-based
- Administrative simplification
- Guarantee legal security
- Promote sharing of social costs for new forms of work (ex. platform workers, collective accident insurance)

Challenge no 8: Renewed social partnership

Problem/ State of situation

In social partnership systems, the labour market is regulated at economic sector and/or company level, through CLA- Collective Labour Agreements (ex. Switzerland).

True social partnership is voluntary, not imposed.

Possibles answers/Main questions

Problems:

- Extension of state-labour market regulation
- Forced mandatory extension of CLA (cartelization of the labour market).
- Political over-representation of declining trade unions, not anchored in growth sectors of the economy

Thanks for your attention !

Tibère Adler

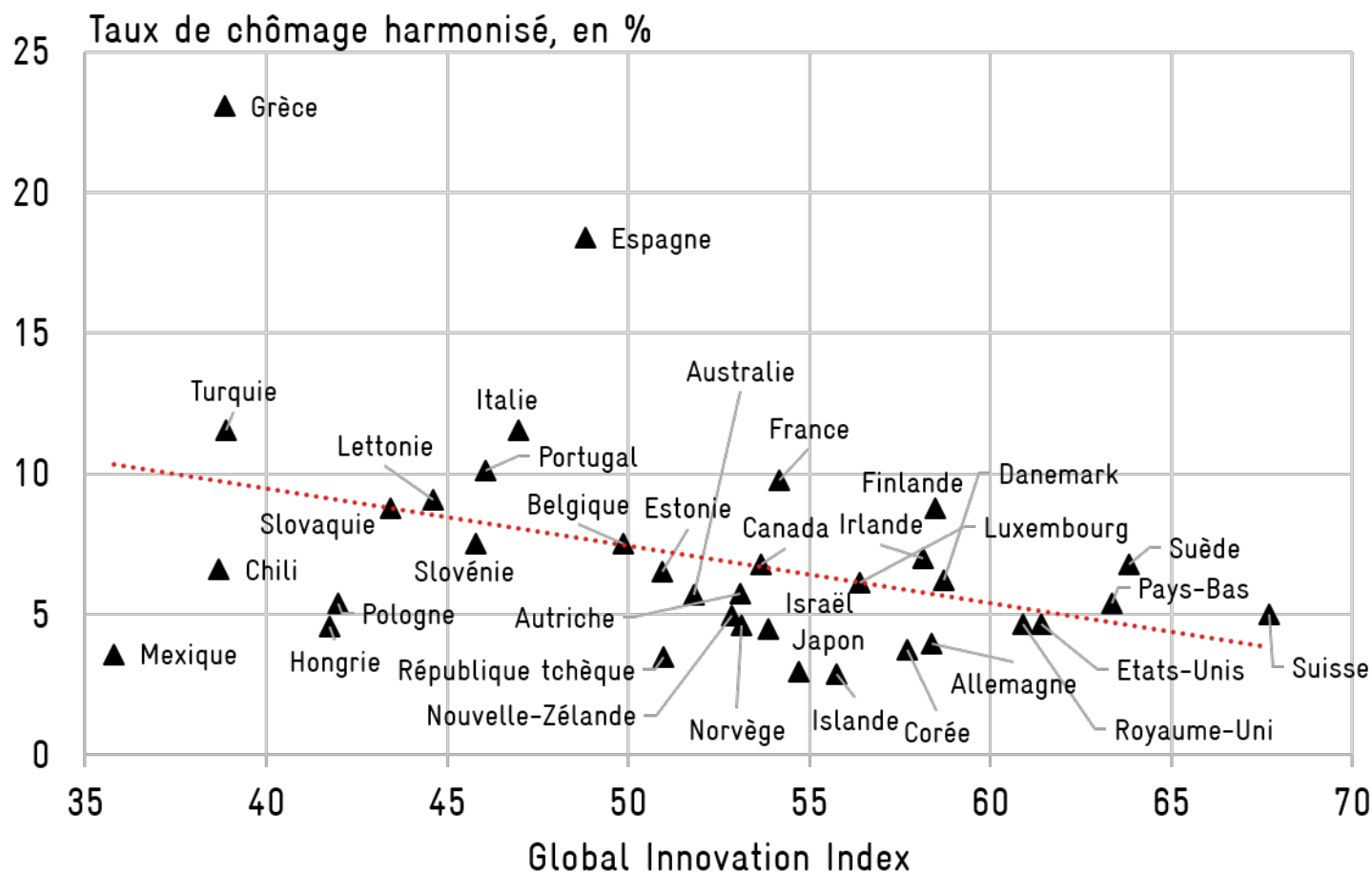
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The myth of growing technology-induced unemployment

Technology does not (globally) destroy more jobs than it creates



Sources: OECD, Cornell University, INSEAD et WIPO (2017)