

**Comments on  
“Green Shoots in the Labor Market” (K. Stone)**

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Sangheon LEE  
INWORK & Research Department  
ILO

## Contents

*Inspired by Prof Stone's paper, I will try reflect more on the two issues*

- The “end” of standard employment?
  - Limits to both rigidity and flexibility
- What future?
  - What kind of social deal?
  - In search of “Green Shoots” ...
  - What if the “standard” has never existed?

# 1. The end of “standard employment”?

- Two (distinct) lines of reasoning, both of which challenge the “standard” employment
  - Not compatible with the needs of *firms*
    - “Economic case”: e.g. technological changes, globalization
  - Not “compatible” with the needs of *workers*
    - “Social case”: e.g. demographic and social changes, work-family balance, gender
    - “Beyond employment”: Supiot report
- Regulatory reforms tend to reflect both
  - But, sometimes, *not* in an entirely consistent way

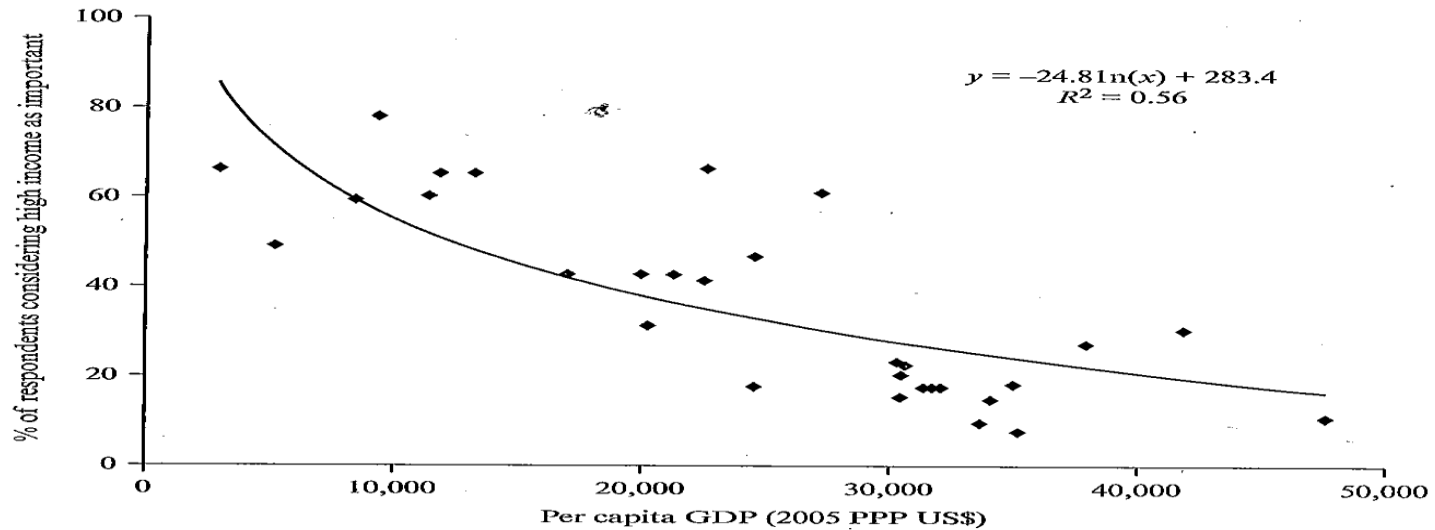
# 1. The end of “standard employment”?

- Limits to “flexibility”
  - Employment “**contract**” inevitably requires “rigid” elements
    - As a “risk-sharing” arrangement
    - “Risk-shifting” needs to be balanced ...
  - e.g. dilemma of “zero hour contracts”
- From the perspectives of **firms**,
  - What type of “flexibility” is critical? (e.g., job security, earnings, working hours, work organization)
  - Issue of collective action among firms, given the diversification of interests between firms (e.g., large vs SMEs)

# 1. The end of “standard employment”?

## What do workers want? (I)

As income grows, its importance of income tends to decrease ...



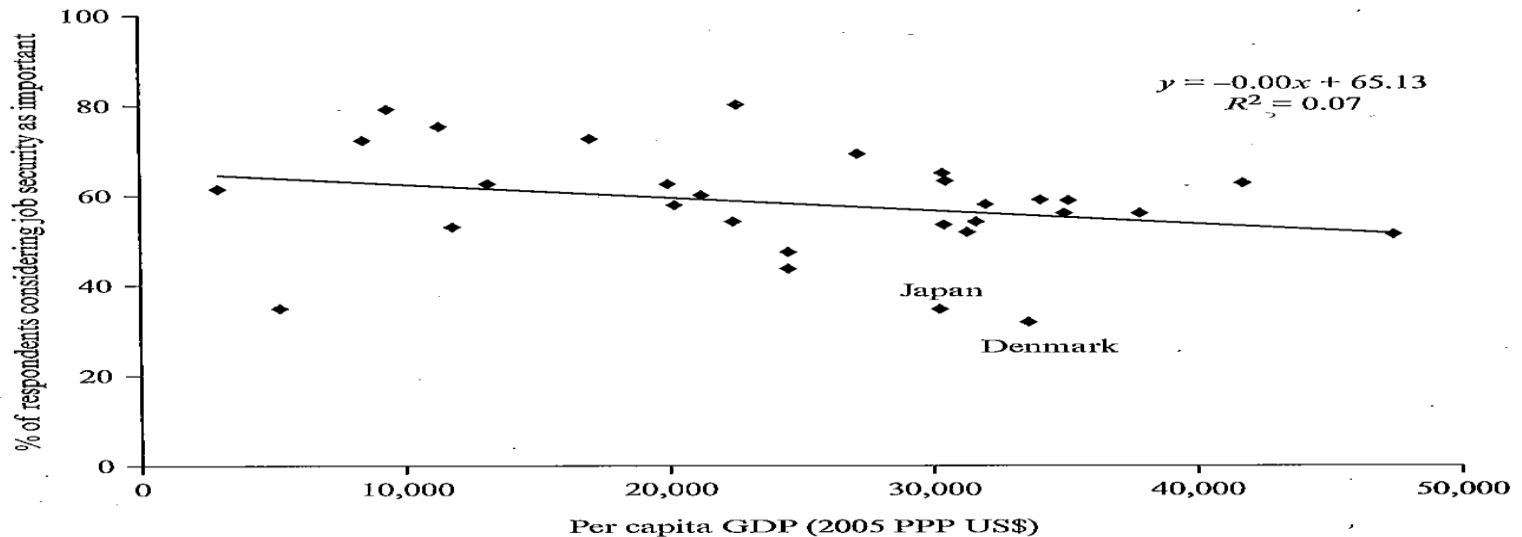
*Source:* Authors' analysis from 2005 *International Social Survey Program* micro-data and World Bank Development Indicators.

*Figure 2.4 Relationship between per capita GDP and importance given by workers to high income (2005)*

# 1. The end of “standard employment”?

## What do workers want? (II)

Job security is most appreciated ... & in all levels of income



Source: Authors' analysis from 2005 International Social Survey Program micro-data and World Bank Development Indicators.

Figure 2.5 Relationship between per capita GDP and importance given to job security (2005)

## 2. What future?

### *What choice shall we make ...*

- **“Future” deal** between employment/income security and (well-specified) enterprise flexibility?
- “You can’t have all”: for instance,
  - On employment/income security,
    - If this cannot be provided solely through employment relationship and the “burden” is **socially** shared,
    - Who will finance it? (e.g. higher “social” tax for firms?)
  - The need for “income floor” may be greater,
    - Growing interest in minimum wages (e.g. Germany; Financial Times and the Economist)
  - Also consider the possibility that the spread of “non-standard” employment leads to “income squeeze”
    - Constraining the consumption demand (hence negative “unintended” macroeconomic consequences)

## 2. What future?

### *Where are Green Shoots ...*

- Critical importance of searching for “green shoots”
- But not entirely clear
  - Mixed signals from “new” employment contracts, flexicurity, social security-related measures etc
  - But, new forms of “regulating” the labour market
    - Local initiative (and “activism”) & community-based approaches
- Finally, the “end”/”future” of standard employment in countries where such things have never existed?
  - Most of developing countries
  - Dual task of “standardization” and “flexibilization” (Asian countries such as China, Vietnam, Indonesia)