

### **3. Working patterns, business organisation and production process in the Digitalisation Era**

#### **Background**

The discussion on this priority will draw from the work and progresses made within the Employment Working Group in recent years.

The need to anticipate changes in skills resulting from the transformation in the world of work was, indeed, already recognized in 2016 under the Chinese Presidency<sup>1</sup>. In 2017, under the German Presidency, Leaders agreed on the G20 Priorities on the Future of Work, calling for smart and innovative solutions to encourage job-rich structural change and to assist workers in adapting to the ongoing changes in the world of work, while paying specific attention to the problem of rising inequalities following the disruption of employment and wages in specific regions and sectors<sup>2</sup>. The future of work has been addressed as a stand-alone issue also by the Argentinian Presidency in 2018, where G20 countries agreed to remain committed to building an inclusive, fair and sustainable Future of Work<sup>3</sup>. In 2018, Labour and Employment Ministers (LEMs) also agreed on the G20 Policy principles for promoting labour formalization and decent work in the Future of Work and the platform economy. The proposed policy principles identify basic guidelines aiming at filling the governance gap in the digital economy<sup>4</sup>. Much in line with previous G20 exercises, during the G20 Osaka Summit in 2019, Leaders acknowledged that emerging forms of work, while providing job opportunities, may also pose challenges for decent work and social protection systems<sup>5</sup>. The same year, under the Japanese Presidency, G20 LEMs stressed the need to shape a human-centred future of work, recognizing that people may require to upskill and reskill at various stages of life to keep pace with the evolving needs of the labour market. Additionally, they agreed to promote a sustainable, healthy work environment as well as to expand flexible work arrangements for a better work-life balance<sup>6</sup>. Particular attention was given, once again, to concerns risen by new forms of work over poor working conditions, inadequate social protection, restrictions to social dialogue and collective bargaining, respect for workers' rights, and the promotion of decent work, including the challenges on effective workers protection posed by internationally dispersed digital platform work. Labour and Employment Ministers agreed to continue collecting evidence on these issues and to exchange experiences and good practices, while also

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<sup>1</sup> G20 Labour And Employment Ministerial Declaration, 2016, para 12.

<sup>2</sup> G20 Labour And Employment Ministerial Declaration, 2017, Annex A: G20 Priorities on the Future of Work.

<sup>3</sup> G20 Buenos Aires Leaders' Declaration, 2018, para 7.

<sup>4</sup> G20 Labour And Employment Ministerial Declaration, 2018, Annex 1: Policy principles for promoting labour formalization and decent work in the Future of Work and in the platform economy.

<sup>5</sup> G20 Osaka Leaders' Declaration, 2019, para 21.

<sup>6</sup> G20 Labour And Employment Ministerial Declaration, 2019, para 4, 11, 13.

considering possible international responses consistent with fundamental principles and rights at work<sup>7</sup>.

Most recently, following the outbreak of the pandemic, G20 Labour and Employment Ministers agreed on measures to mitigate the impact of COVID-19 on labour markets, including, inter alia, promoting the use of new technologies and embracing new working methods for both individuals and businesses, to ensure job retention and business continuity while respecting work-life balance and the fundamental principles and rights at work, as well as to enhance digitalization of work-related processes, such as licensing and permitting, to promote safe and healthy working environments and speed the rebuilding of G20 economies<sup>8</sup>.

## Evolution and policy response

**Digital transformation has a very pervasive influence on the global economy.** The spread of the Internet, the development of Artificial Intelligence (AI), and the exploitation of big data have already begun to transform the patterns of work, the businesses' organisation, production processes, both in the industrial and in the services sector. Prior to the pandemic, a number of scholars and research organisations proposed different estimates on the number of jobs at risk of automation in the long term.<sup>9</sup> However, there was also a substantial agreement not only on the pervasiveness of the changes taking place, but also on the gradualness with which technological development would reshape labour and skills demand. During the Argentine Presidency, the G20 Labour Ministers agreed on the need for continued evidence-based analysis of digital platform jobs, as well as on a set of policy principles to ensure a fair distribution of the benefits of digitisation and dignity of work in the platform economy.<sup>10</sup> To further deepen the issue of digitisation in the world of work and acknowledging the growing use of AI algorithms for the management and organisation of work, during the Japanese Presidency in 2019, the G20 Leaders endorsed the G20 Principles on Artificial Intelligence, which promotes a human-centred approach and a responsible use of AI in the workplace.<sup>11</sup>

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<sup>7</sup> G20 Labour And Employment Ministerial Declaration, 2019 para 31, 33.

<sup>8</sup> G20 Labour And Employment Ministerial Declaration, 2020, Annex 1: Measures to Mitigate the Impact of COVID-19 on Labor Markets.

<sup>9</sup> Early pioneering studies feared a 40 percent loss of jobs; prior to the pandemic, it was thought that about 14 percent of the world's jobs were at risk from automation. The most noticeable effect would be on the content of jobs performed and the skill composition of the workforce. Frey, C. and M. Osborne (2017), "The future of employment: How susceptible are jobs to computerisation?", *Technological Forecasting and Social Change*, Vol. 114; Arntz, M., T. Gregory and U. Zierahn (2016), "The Risk of Automation for Jobs in OECD Countries: A Comparative Analysis", *OECD Social, Employment and Migration Working Papers*, No. 189; Nedelkoska, L. and G. Quintini (2018), "Automation, skills use and training", *OECD Social, Employment and Migration Working Papers*, No. 202; "Determinants and impact of automation: An analysis of robots' adoption in OECD countries", *OECD Digital Economy Papers*, No. 277.

<sup>10</sup> G20 Ministers of Labour and Employment Declaration, Mendoza, 6-7 September 2018. Annex 1.

<sup>11</sup> G20 Osaka Leaders' Declaration Osaka, Japan, June 29, 2019 and Annex to G20 Ministerial Statement on Trade and Digital Economy Tsubuka, Ibaraki, Japan, June 9, 2019

**The Covid-19 pandemic marked a significant acceleration of current trends by increasing the pervasiveness of new technologies even in traditional work.** The forms of confinement and lockdown introduced in many countries have further accelerated the digitisation of production processes with impacts in terms of increased productivity, prevention and containment of contagion. The pandemic has accelerated the spread of remote work in both the private and public sectors. In light of these recent transformations, **the impact of new technologies, including AI, on the labour market should be carefully assessed.** It is necessary to ensure that the increasing use of AI algorithms for managing and organising companies and workforces is in line with the principles already adopted in the G20 and, in particular, that they have to be human-centred and to move towards a sustainable and inclusive society. It will therefore be useful to focus on the impact of AI on the labour market and exchange views on the neutrality and transparency of the algorithms used, in order to avoid direct and indirect discrimination of workers.

**Digitisation and remote working can contribute to better manage private and working life, decongest traffic and improve the quality of air in cities, as well as to increase labour productivity.** On the other hand, they pose a number of critical issues, related to health, including mental health, safety, including against the risk of domestic violence, working hours and the so-called right of disconnection, degree of autonomy of employees, equal treatment and opportunities between those who work remotely and those who work within the companies' premises. It is also necessary to prevent these new patterns of work becoming a further factor of labour market segmentation based on gender or age and to new inequalities based on the digital divide.

Further opportunities offered by digitisation may come from increased public and private investment to encourage diffusion of new technologies, including in small and medium-sized enterprises and in those sectors in which remote working has the greatest potential for development (telemedicine, care for the elderly, etc.). At the same time, it is necessary to ensure that the increase in productivity linked to the introduction of new organisational models and new technologies does not lead to an increase in inequalities in G20 countries.

**The most vulnerable workers, with a low or medium level of skills, are at greater risk of exclusion from the labour market.** The diffusion of telework could lead, in fact, to a reduced demand for those human capital-intensive services directly or indirectly linked to in-presence work, such as catering, workplace cleaning, travel services and urban transport. The post-pandemic recovery could thus be characterised by particularly high levels of unemployment for certain categories of workers and by an increased polarisation. In order to cope with these risks **it is necessary to urgently to implement policies that promote lifelong learning and skills upgrading, fostering transitions in the labour market and ensuring the socio-economic inclusion of all citizens.**

**For platform jobs, it is crucial to correctly classify workers, in order to establish their rights in respect of wages, OSH and working time, as well as their access to social protection, and to reduce the grey area between employees and self-employment<sup>12</sup>.**

The provisioning of adequate dispute settlement procedures, regardless of workers' contractual status, would also go a long way in reducing the conflicts on digital labour platforms. Since platform workers are younger than the average, it is important to ensure that these forms of work do not increase job insecurity, further widening the generation gap in the labour market.

The **Italian Presidency** intends to **identify guiding principles for the regulation of remote and platform work**, including through an exchange of views with the Social Partners.

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<sup>12</sup> G20 Labour and Employment Ministers, Ministerial Declaration. Virtual Meeting - September 10, 2020. Annex 2