

When your career is not a pipeline – *Security for diversified work*

Akava's thematic programme



Akava

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1. Introduction

Working life is being determined by expectations concerning a technological revolution that will transform the work itself, labour market structures, ways of working, working hours, places for working and work communities. This transformation requires that workers adapt and learn new skills in order to cope in a diversifying working life. Not all changes are desirable, but it is important to understand that they are possible. We should be prepared for the changes even if we lack comprehensive knowledge or certainty about their direction or speed.

Akava pursues to ensure a working life where employees thrive and succeed. Our aim is to build a decent, sustainable and safe working life that enables individuals to encounter change without fear. Akava is proactively developing working life and education, their contents and structures as well as related legislation so that they will respond to the challenges of the diversifying work situation. The goal is to increase employment and employability, to develop competence and expertise, and to safeguard livelihood and security in all phases – regardless of the form of work or their combination.

Work is being done in different ways in different phases of life. The hopes, needs and demands for work and security vary. Nearly all areas of life and society are linked to work and its transformation.

In the future, we will also need to reflect on the composition and sufficiency of earned income, whether one's livelihood should be based on a universal benefit of some kind or if social security is needed to supplement one's earnings from work. The question involves not only livelihood and security, but life management in a broader sense.

The change will not take place overnight. Working in a permanent employment relationship is still the predominant form of work. The transformation of work is not rapid when viewed from a longer standpoint, but the trend is certainly visible. In the big picture, the relative shares of

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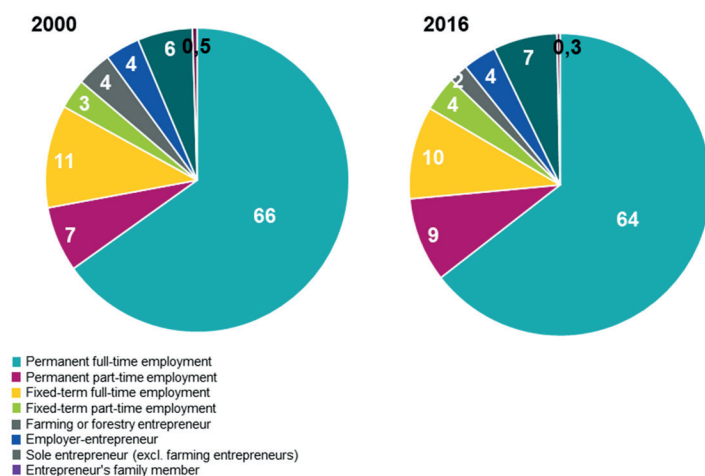
different forms of work have remained rather stable but, for example, the number of highly-educated persons who are self-employed has nearly doubled since the start of the 2000s (see page 5, Figure 2). Akava has drawn up this programme on the basis of the trend of development in order to enable us to better identify and understand the phenomena emerging as part of the transformation of work.

An increasing number of individuals are working periodically, in overlapping jobs with varying employment statuses, and in different work communities. The terms and conditions for work vary. Permanent, physical work communities and workplaces are being replaced by individuals working alone or in a variety of physical and virtual work communities. Hierarchical management is challenged by self-direction. Stability is giving way to impermanence, predictability to the unexpected.

The transformation of working life is challenging for the labour market, both in terms of the employee unions and the employers. All parties are required to think proactively, to evolve and to respond to the current demands. Work must adapt to varying life situations more effectively, while also being flexible, facilitating and meaningful. The development of working life and support for working people amidst the turmoil of changes, so as to enable them to utilise and develop their personal strengths as members of different work communities and society at large, are important issues now and in the future. At the same time, we must ensure security for working people.

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Figure 1: Forms of work in 2000 and 2016, 15–64-year-olds (%)



Source: Statistics Finland, Labour Force Survey 2017

This programme deals with the following cross-cutting themes concerning one's life cycle and career: competence development, livelihood, security, well-being at work and labour market issues. These themes are used to identify and specify the dimensions of the diversification and transformation of work at the level of the individual, the workplace and society. The programme is intended to serve as a tool for the common supervision of interests by Akava affiliates. This programme is a part of Akava's broader project to survey the diversity of working life.

Akava proposes the following:

Short-term (Government term) proposals:

- As part of public services, everyone included in the labour force shall have the right to an individual development plan stating the person's level of education and skills as well as related targets.

- It shall be clarified, at the national and EU level, when the characteristics of an employment relationship are being met in various forms of work and how the responsibilities, obligations and rights of each party are implemented.
- The social security system shall be developed so that social security transfers with the individual from one form of work to another. The Incomes Register shall be fully utilised.
- Unemployment security shall be reformed to meet the current needs. Within the unemployment security system, a clear channel for self-insuring shall be established, also for those who work as part-time entrepreneurs. A new combination insurance shall be introduced.
- Pension security shall be evaluated in terms of the different forms of work. The pension security for those who are dependent on their clients or commissioners shall be renewed by extending the scope of the application of the Employees' Pensions Act.

Long-term proposals:

- An agreement shall be reached on trilateral funding for the development of competence. Competence-security funding shall be established to provide both employees and employers an opportunity to mutually agree on both short and long-term objectives for the development of competence.
- With support from society, the various sectors and public educational institutions shall develop new competence certification methods and Open Badges for the recognition of skills and qualifications acquired from different sources. This will encourage individuals to develop their own competence in a more systematic and goal-oriented manner. Competence certifications and Open Badges will assist companies in proactively identifying and specifying branch-specific competence demands in the long run.
- In legislation, the definitions of 'wage-earner' and 'entrepreneur' shall be updated to correspond with the changes in working life. The definition of 'employment relationship' shall be extended to include also those who are engaged in such forms of work that resemble an employment relationship, subjected to the direction of the client or commissioner. For the purposes of determining unemployment benefits, the work carried out by a spouse or child in a family-owned business shall not automatically be viewed as entrepreneurial activities, but primarily as paid work.
- New concepts are needed to describe the diversified forms of work. It is necessary to clarify what the introduction of a single concept of an 'income earner' would mean in terms of, for example, taxation and social security system.
- Regardless of the form of work, an individual shall be provided access and opportunities to occupational health care, competence development and social security.
- The legislation concerning occupational health and safety shall be reformed to cover the different forms of diversified work.
- Issues related to occupational safety in terms of working hours shall be resolved, especially in cases with varying working hours and locations.
- Equality, equal rights, education as well as occupational health and safety shall be considered as relevant aspects of the new forms of work.

Work must adapt to varying life situations more effectively, while also being flexible, facilitating and meaningful.



2. Learning is the foundation for diversified expertise

The diversification of work calls for increasingly versatile opportunities to learn and develop. For an expert to work productively, sufficient rest and a proper counterbalance for work are necessary. Consequently, any competence development activities should be primarily included as an integral aspect of the work itself.

Ideally, development activities interwoven with work will both offer competence development serving the current work and employer, and provide an individual with a broader range of skills and qualifications, thus facilitating other employment opportunities in addition to the current employer. These goals should be constantly present in the competence development taking place throughout one's work career.

Within a work community, a culture shall be established that facilitates continual learning and development that is attractive, encouraging and tailored to meet individual needs and talents. This will result in an optimal level of productivity among the employees.

It is vital to understand that competence development is a core area in strategic management. In order for us to succeed in global competition based on competence and expertise, it is necessary for the top management of organisations to identify what kind of competence is required from the personnel for the purpose of realising the objectives of the organisation as a whole. This will support sustainable change.

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2.1. Employability must be safeguarded

A competence-based economy requires that policymakers make decisions that support competence development at the population level. This calls for a balanced offering of various forms of subsistence benefits and public education opportunities. Legislation or funding is needed to safeguard the provision of employer-independent competence development for different population groups working in different sectors.

In order for us to achieve these goals, new thinking is required. New models are needed, for example, in terms of funding, competence development products, management, division of responsibilities, counselling and support. The relationship between preparedness, forecasting and risk realisation must be considered in a completely new way. As employees, those who are highly educated are also paying a monthly unemployment contribution. For them, however, the risk of unemployment is, statistically speaking, relatively low. The State's role is often limited to the provision of assistance to individuals who have already lost their jobs, and at this stage, the assistance is characterised by a sense of strong control, stigmatisation and economic losses.

The tripartite funding scheme should increasingly be steered towards the anticipation of changes through competence development. Safeguarding employability is essential for both the employee in question and the national economy. The core targets shall be the efficient prevention of unemployment and the forecasting of structural changes.

Competence development shall facilitate diversified paths and contents to an increasing degree. Employees need support and counselling for competence development throughout the different phases of their careers. The demand for career counselling will increase along with the diversification of working life. Career counselling is a tool that is used to support development in working life and to prolong careers.

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2.2. Ambitious education-related product development must continue

Adult education research has shown that a lack of time is the primary obstacle hindering education and training. The core issue for competence development activities in the future will be focused on how to seamlessly combine daily work and systematic learning.

The education system shall be developed so as to encourage the identification and productisation of competence in forms other than that which is provided by degree studies.

Companies need to recruit pedagogical experts in order to integrate on-the-job learning and other forms of training and to balance the individual development needs with the company demands. Versatility and flexibility shall be the foundation for the development of educational services.



3. The diversification of work changes the terms of livelihood and work

Our society is growingly aware of the multifaceted transformation of working life, the increase in different forms of work and the changes in the ways of working. However, the issue does not only concern work or different ways of working and earning a livelihood, but also the functioning of the future society.

The constant growth of entrepreneurial activities and self-employment can be characterised as a major labour market trend of the 2000s. According to statistics, however, no significant change in the number of entrepreneurs has taken place during the past 10–15 years, and their relative share of the employed has remained at the level of 10 per cent.

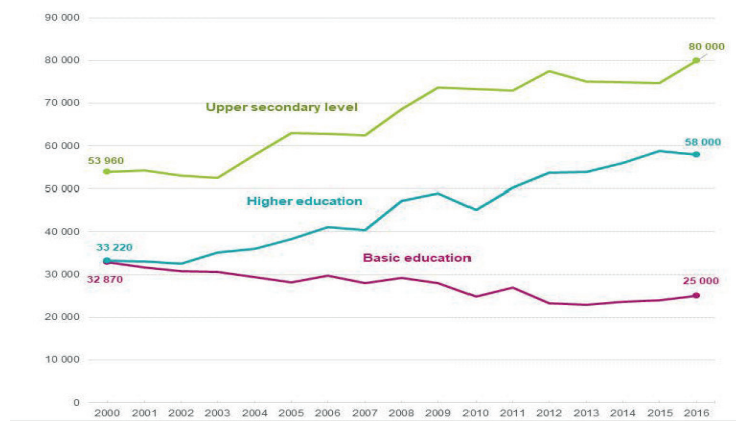
Facts: The number of self-employed is growing

- The self-employed include sole entrepreneurs, professionals, freelancers and grant recipients.
- The number of self-employed was approx. 163,000 in 2016 (over 120,000 in 2000).
- Among the self-employed, graduates with a higher-education degree amounted to approx. 58,000 in 2016 (approx. 33,000 in 2000).
- The proportion of highly-educated workers among those who are self-employed was 36% in 2016 (28% in 2000).

Source: Statistics Finland, Labour Force Survey

In 2008, the number of highly-educated entrepreneurs was 51,000, and ten years later, the corresponding figure is 87,000. Within Akava's membership, full- and part-time entrepreneurs amount to almost 30,000 and most of them are sole entrepreneurs. At the start of the millennium, the number of self-employed persons with higher education was slightly over 30,000, and in 16 years, the number has doubled to approx. 60,000 persons.

Figure 2: The number of self-employed persons by education in 2000–2016



Source: Statistics Finland, Labour Force Survey

Efforts to deal with challenges related to the transformation of work have not been sufficiently proactive. When revising the terms of working, it is necessary to observe that work is no longer tied to time or place, and there is increasing mobility between work in an employment relationship, self-employment and entrepreneurial activities. This is reflected in the way that one earns a livelihood, as it more often comes from multiple sources and incomes that are irregular. This concerns, among others, researchers who typically work in temporary jobs and alternate between paid work, working on a grant or unemployment. In the course of the transformation of work, it is vital to ensure sufficient security for the employees. This challenges both our employment legislation and social security.

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At the societal level, we are talking about a sense of community and national integrity, which have, up to now, been safeguarded through work and a sufficient livelihood. People have found meaningfulness through work. In the future, we will have to figure out what is required, as a minimum, for a satisfying working life and a meaningful life outside of work.

3.1. The marketplace for work is expanding and the meaningfulness of work is being emphasised

Digitalisation, artificial intelligence, automation and robotization are changing work and working life as well as the concept of livelihood. Global competition for work, jobs and commissioned assignments concerns every individual in some way. The mismatch between the labour supply (age, education) and demand (sector structure, changing tasks, fixed-term and part-time jobs) calls for a new type of labour mobility.

A competent individual will be employed in the future as well. Working life shall be developed so as to ensure that, for an expert, a change is an opportunity. It is essential to support employees in coping with

changes and to help them develop their own competence, creativity and career. Motivation is created through the meaningfulness of one's job and work performance.

In the future, a competent employee will be anchored to a job, task and community instead of a physical work site or a specific occupation. If, irrespective of the form of work, the workplace succeeds in providing employees with opportunities to draw advantage from and develop their personal competence, while at the same time challenging them to think and allowing time for that process, the result will be competent employees who are committed on a more permanent basis and willing to offer their competence as a resource to the benefit of the organisation and community and their development.

Any learning and development that takes place at work and through interaction with different communities will promote well-being at work and work performance in many ways. An individual will also become anchored to the society through various projects and to the communities involved in their implementation. These work communities may be functioning in, for example, different digital platforms.

Traditionally, paid work has been the main source of livelihood. It has provided individuals with economic security, generated a work-oriented identity and determined their social status. Once the work becomes increasingly diversified, it is necessary to search for one's identity in a new way and partially from spheres outside of the work.

Motivation is created through the meaningfulness of one's job and work performance.

3.2. The labour market and terms of working – who will write the rules of the game?

In working life, flexibility is sought through lowered expenses and new forms of work. This is reflected in, for example, staff leasing, zero-hour contracts, voluntary part-time work, network-based work, project work, casual jobs, combinations of work with different statuses, platform-based work, assignments as a result of outsourcing, part-time entrepreneurial activities and self-employment.

The division of work or assets and the simultaneous utilisation of several platforms are creating new jobs and providing an alternate livelihood. Future solutions may increasingly involve a smooth, experiential, community-based and creative combination of all the above-mentioned forms of work. In the long run, there will probably be a shift from a focus on increasing productivity to a reality that favours innovative approaches and new ways of working.

Alongside the paid work market, new types of marketplaces for work will evolve that will enable clients or commissioners and employees to meet and interact. Such work may replace full-time, permanent paid work, and this is not a desired direction of development. There is reason to discuss whether the efforts to make the labour market more flexible will lead to a situation where the employer's obligations and entrepreneurial risk are transferred to the worker and society.

These new forms of work make the characteristics of an employment relationship more obscure. The legislation shall be revised to determine how the responsibilities, obligations and rights of the employee and employer are realised in a way that is as equitable as possible.

In employment and social security legislation, a worker is either considered as being in an employment relationship or as an entrepreneur. There is no need to create a third category for the self-employed, but it is necessary to tackle the problematic issues and to find solutions that are applicable to the various phases of the life cycle. The concept of wage-earner shall be upgraded to meet the demands of the new form of working life: the definition of 'employment relationship' shall be expanded to cover also those who are engaged in such forms of work that resemble an employment relationship, subjected to the direction of the client or commissioner.

As the forms of work are becoming increasingly diversified, it is vital to prevent the creation of a shadow economy and the polarisation of working life. The lack of an employment relationship, as specified in employment legislation, will result in a situation where the worker has no right to earnings-related unemployment security, is not supported in terms of competence updating, and falls outside of occupational health care as well as occupational health and safety at work.

The diversification of work also leads to situations where it is necessary to consider non-disclosure and non-competence regulations, as individuals are working for multiple clients that may be mutual competitors.

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4. Well-being as a means of assuring security and productivity

The greatest changes take place and viable conditions for diversified work are formed at the level of society. The major labour-market challenge is related to the fact that all forms of work and their different temporal and overlapping aspects call for extensive amendments to the employment and social insurance legislation, competence development as well as management and leadership.

4.1. Security and livelihood throughout one's career

As we endeavour to adapt to the transformation of work and the continually changing working life, it is vital that we ensure sufficient security for employees throughout their life cycle and career. An individual's life cycle may include periods of unemployment, studies and competence development, challenges and rehabilitation related to work and functioning abilities, family leaves, different employment statuses, and pensions.

Social security denotes comprehensive security for those in working life. The Finnish social security scheme has been constructed gradually over the course of several decades. Amendments and reforms have been more or less partial, and it is not easy to get a comprehensive picture of our social security and its capacity to respond to current and

future challenges. It is necessary to reform social security by taking into account the transformation and diversification of work, incentives to work and engage in entrepreneurial activities, participation, and the sustainability of the public economy. One essential goal is to prevent inequality from increasing.

There is reason to consider the income from work and earnings in a new way. It is necessary to clarify whether there is a need to start using the concept of 'income earner' to include all workers irrespective of the form of work. The concept would cover wages and salaries, fees for assignments, remuneration for work performance and entrepreneurial income. This calls for flexibility in both the social security and taxation systems.

The diversification of work is reflected in the need to develop and renew the pension and unemployment security systems, especially as regards the provision of security for entrepreneurs and the self-employed. In terms of financing unemployment security, the principles are different for wage-earners and entrepreneurs. For wage-earners, the earnings-related component is financed through the collection of unemployment insurance contributions and unemployment fund membership fees. For entrepreneurs, the earnings-related component is financed through the unemployment fund membership fees. For both groups, the State is responsible for funding the component that corresponds to the basic daily allowance.

Currently, to be eligible to receive unemployment security, an individual shall be insured on the basis of his or her wages/salaries or entrepreneurial income. For the purposes of unemployment security, individuals insured by a YEL or MYEL pension insurance are considered as entrepreneurs and, under certain conditions, even their family members and co-owners who are working in the business are interpreted as entrepreneurs.

For unemployment security, an entrepreneur shall have a YEL income that is a minimum of 12,576 euro per year (in 2018). It is not possible to be insured in both a wage-earners' and entrepreneurs' unemployment fund at the same time. As a result, a self-employed person with diverse employment arrangements and statutes may fall outside of unemployment security. To improve the situation, Akava has proposed and been involved on the development of a combination insurance that would allow for an individual to be simultaneously a wage-earner, entrepreneur or self-employed person. The combination insurance would cover all work done, and all work would accumulate the individual's employment history, which is a condition for receiving the unemployment benefit.

The social security of a grant recipient is different from that of a wage-earner. For example, for the purpose of determining unemployment security, a grant recipient is considered as being employed in one's own work. Grants are not included in the calculation of the amount of earnings-related unemployment security. Moreover, the grant period is not included in the time accrued towards satisfying the employment history condition for the earnings-related daily allowance. However, it extends the review period for this condition.ⁱ

As regards pension security, grant recipients are covered by the Farmers' Pensions Act (MYEL). The grant must be a minimum of 1,276.04 euro, which corresponds to an annual insured income of 3,828.13 euro (in 2018), and the duration of the grant period must be an uninterrupted period of no less than four months. The obligation to take out

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insurance concerns both those who have received a personal grant and those working on a team that has received a grant. The MYEL insurance policy provides not only pension security but also the entitlement to accident insurance and certain daily allowance benefits. The pension security of grant recipients shall be developed so that the pension payable by virtue of MYEL would also be accrued on the basis of grant periods of less than four months.

The pension security for entrepreneurs is determined by the Self-employed Persons' Pensions Act (YEL). In terms of its contents, the pension security for entrepreneurs corresponds with that of wage-earners. Pension is determined on the basis of the YEL income reported by the entrepreneur, which is a minimum of 7,656.26 euro per year (in 2018). As provided by law, the amount of the YEL income must correspond to the entrepreneur's work input, and thus, be equal to a salary that would be paid to an employee performing the work in question. The confirmed YEL income also serves as the basis for the determination of other social security benefits payable to the entrepreneur. The YEL income is used as the basis for old-age, disability and survivor's pensions, as well as parental and sickness daily allowance benefits.

The level of the YEL contribution is the same as the average level of TyEL contributions for employees. On an annual basis, the State finances the part of the annual YEL pension expenditure that is not covered by the YEL insurance contributions. There is no funding scheme in the YEL pension system for entrepreneurs. In addition to the minimum YEL income as explained above, the obligation to insure under YEL also requires that the duration of the uninterrupted entrepreneurial activities is at least four months.

In many cases, the YEL income reported by the entrepreneur is lower than the actual income from entrepreneurial activities. Known as underinsuring, this phenomenon is due to an effort to avoid high YEL contributions and a lack of knowledge concerning the impacts of YEL income on other areas of social security, the level of one's future pension or the flexibility of the YEL insurance. In the long run, underinsuring is problematic as it lowers the level of pension and other benefits for entrepreneurs. The requirement of an uninterrupted period of four months may also create an obstacle for insuring one's work under YEL, as work is being done in short periods.

There is need to review and develop the system comprehensively in order to safeguard a sufficient level of social security for those working in diversified situations and, thereby, to reinforce the general confidence in our social security system. Akava's aim is to bring the social security level of those working in diversified conditions closer to the level provided for wage-earners, and to prevent them from falling between the cracks. Akava's policy statements concerning social security are dealt with in detail in a separate programme.

The diversification of work is reflected in the need to develop and renew the pension and unemployment security systems, especially as regards the provision of security for entrepreneurs and the self-employed.

4.2. Occupational health and safety, and coping at work

Along with the increasing diversification of work, it is clear that the employed will be required, more than ever before, to independently ensure their own ability to cope, their own well-being and, in part, their own occupational health and safety or occupational health care.

Greater freedom in terms of the time and space utilised for work, at its best, provide an excellent opportunity to balance work and family life in new ways. Similarly, there is more latitude as regards one's place of residence. These trends are doing their part to contribute to individual coping methods and overall well-being at work.

Traditionally, the employer is responsible for the provision of occupational health services and for the occupational health and safety aspects at work, but now, these responsibilities are being transferred, either partly or in their entirety, to the individual worker. The diversification of work is problematic when approached in terms of perspectives related to occupational health and safety, as well as working hours.

There may be no one else monitoring the conditions in which one is working, nor how and when one is working. This calls for a major change in attitude, and these individuals shall realise and internalise the idea that, at the end of the day, they are responsible for their own well-being at work.

The diversification of work means that individuals are working within independent assignment relationships and as employees. The diversification of work opens a new perspective on the criteria for equal rights. Workplaces are responsible for ensuring that work done in any form shall be considered equal in terms of, for example, the right to occupational health care and different benefits. For this part, the responsibilities and rules of the game shall be re-established on the workplace level. As regards well-being at work, the importance of work management skills is emphasised. In addition, the role of work community – whether physical or virtual – becomes ever more important.

The diversification of work opens a new perspective on the criteria for equal rights.

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