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New ways of working: a round-up of project research

Remote work, platform work and self-employment are on the rise in Europe, necessitating new EU policies and new forms of labour protection.

Laura Nurski

The second summary in this series of reflections on the Future of Work and Inclusive Growth (FWIG) project focuses on the changing employment relationship which was studied in workstream 2: New ways of working. It documents how remote work, platform work and self-employment are on the rise in Europe, necessitating new EU policies and new forms of labour protection.

Remote work: organisational challenges

In a first set of publications, Bruegel authors highlighted the newly hybrid realities of post-pandemic European workplaces and associated organisational challenges. They also discussed the strategies of for coping with those challenges as well as the need for updated telework regulation.

First, in a policy brief from 9 June 2021, Mario Mariniello, Tom Schraepen, Monika De Ridder (Grzegorczyk), and Laura Nurski explore the hybrid work model, blending physical and virtual work environments in the post-pandemic era. They advocated for a new Framework Agreement on Hybrid Work in the EU to facilitate flexible working conditions while ensuring minimum protection for both on-site and hybrid workers. This agreement would aim to harmonise standards across the EU single market, enhancing geographical mobility for workers and adapting to the lessons learned from the pandemic-induced remote work experience.

These organisational challenges and considerations, essential for designing an effective hybrid work model, are further explored by Laura Nurski in a follow-up article on the Bruegel blog from 5 July 2021. Nurski emphasised that a well-thought-out hybrid work model, which is a blend of on-site and remote work, necessitates new frameworks to ensure both individual and organisational needs are met. Individual flexibility can take a role, task or preference-based view. At the collective level though, organisations need to design an optimal configuration of flexibility considering task interdependency and team boundaries.

Bruegel brought the abovementioned organisational challenges and policy implications to the table in two related events gathering policymakers, academic researchers, and private sector practitioners. Mario Mariniello discussed the remote post-pandemic workplace at a Bruegel's 2021 Annual Meetings panel titled Blending physical and virtual: shaping the new workplace together with Nicolas Bloom (Professor at Stanford University), Sarah Matthieu (MEP), Luca Visentini (General Secretary, ETUC) and Michael Froman (Vice Chairman and President, Mastercard Center for Inclusive Growth). Laura Nurski discussed this topic with Joost Korte (Director-General of DG Employment), Alex Agius Saliba (MEP), Renske Paans (CHRO, Randstad) and Julie Brophy (Consultant) in a hybrid event on hybrid work on 19 October 2021.

Further disseminating these findings, Mario Mariniello wrote an opinion piece on the need for new ground rules to make remote work effective post-pandemic on 23 September 2021. He discussed the pandemic's role as a catalyst for remote work adoption and suggests that for telework to continue effectively, policy interventions are needed to address emerging issues. While investing in digital infrastructure and skills are obvious steps to take, a revised EU telework framework should also cater to the evolving needs of the workforce and ensure equal rights and opportunities for both on-site and remote workers.

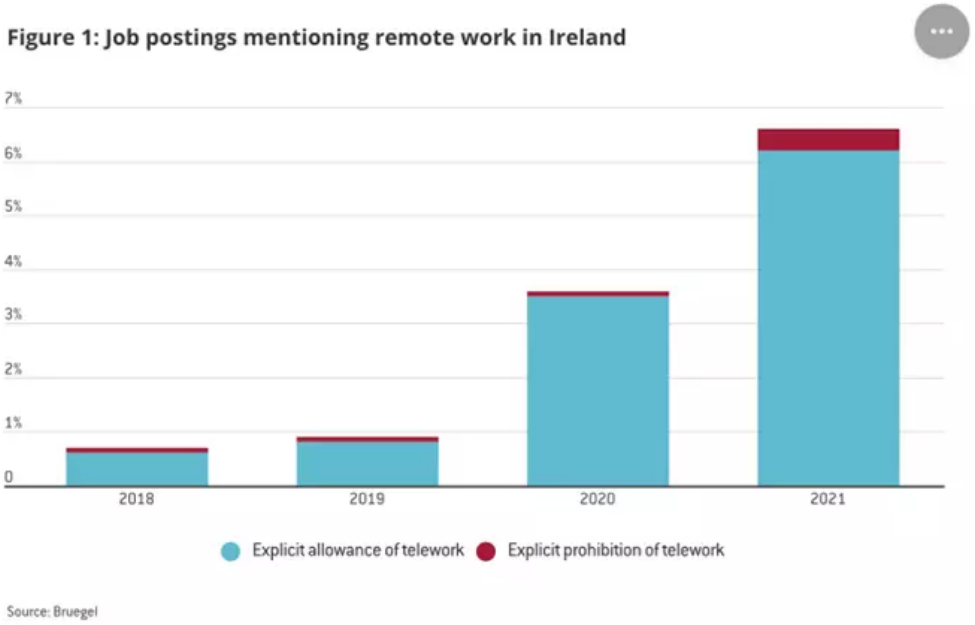
Finally, Diane Mulcahy and Tatiana Andreeva from the FWIG Excellence Network also provided an employer's perspective on hybrid work in a working paper published on 30 May 2023. The authors delved into employers' experiences with remote work during the pandemic, and their strategies towards returning to the office post-pandemic. They conducted eleven structured interviews with corporate leaders and found that remote work did not negatively impact performance. The employers from the study favoured a hybrid return-to-office approach. The paper assessed the impact of remote work on

employee collaboration, firm culture, and managerial control, termed as 'the 3 Cs'. Despite concerns, there was no significant move towards implementing employee monitoring systems, indicating a learning curve for effective management in remote or hybrid settings. Tatiana Andreeva discussed this research further in a podcast published on 16 August 2023.

Remote work: labour market implications

A second set of research outputs looked at the uptake and inequality implications of remote work for European labour markets at large: uptake is viewed through analysing job vacancies and lessons are drawn for wage inequality and the geographic distribution of work.

In an article on the Bruegel blog from 12 September 2022, Monika De Ridder (Grzegorczyk), Laura Nurski, and Tom Schraepen explored the potential of cross-border telework within the EU. Analysing nearly 975,000 job postings from Ireland between 2018 and 2021, they observed an uptick in remote work mentions in job ads, from 0.6% in 2018 to 6.2% in 2021. This trend, triggered by the pandemic, hints at a broader acceptance and implementation of telework. The authors also delved into the comparative 'teleworkability' across various occupations, underscoring a notable increase in remote work vacancies, particularly among professionals and clerical support workers, thus reflecting a gradual alignment with the technical feasibility of teleworking across different job roles.

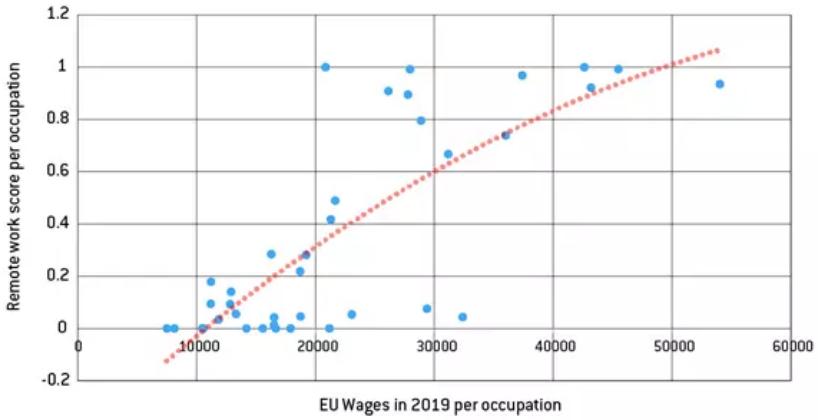


Source: reproduced from Grzegorczyk, Nurski & Schraepen (2022)

Given this marked increase of telework, Georgios Petropoulos and Tom Schraepen explored the implications on wage inequality in European labour markets in an article on the Bruegel blog published on 14 September 2021. The analysis indicated that remote work is associated with high-skilled and better-paid jobs. Remote work may exacerbate wage disparities, particularly affecting young workers, women, and low-educated individuals adversely. The authors also found large differences across EU member states in the 'teleworkability' of their economies. The authors stressed the importance of policy measures to provide safety nets and address the distributional effects of remote work, ensuring that the benefits of teleworking are shared more equitably across different demographic and occupational groups.

Figure 2: EU Wages and Remote work score for each occupation

Source: Authors' calculations based on Dingel and Neiman (2020) and EU Statistics on Income and Living Conditions (EU-SILC).
Note: Depicted occupations are at 2-digit ISCO-08 occupational codes.



Source: reproduced from Petropoulos & Schraepen (2021)

Diving deeper in the geographic implications of telework, Fabian Stephany explores the notion of 'anywhere jobs' in the context of the online gig economy and urbanisation in an article from 7 December 2022 and a podcast on 23 March 2023. Despite the rise of remote work, the author finds that such jobs are predominantly located in cities, challenging the cost-cutting logic of labour migration to lower-cost regions. The analysis, based on 1.8 million gigs across 100 countries from 2013 to 2020, reveals that capital cities account for a significant portion of online workers. This urban concentration is attributed to the higher skill levels, better job opportunities, and improved living conditions found in cities, underlining urbanisation as a stronger force than digitalisation in the labour market's evolution.

Finally, Bruegel brings together several of the above insights in its first ever European-wide dashboard titled 'Uptake and inequality of telework dashboard' released on 14 February 2023. In an interactive way, the dashboard visualises the uptake and inequality of telework in the EU across countries, years, occupations and socio-demographic groups. Combining different data sources and aiming to inspire new research with its underlying data, the dashboard format allows users to customise the visualisations for specific regions and years of interest. The dashboard also helps users to understand the topic of remote work from an inclusive angle with its newly developed indicator 'Remote work inequality score'.

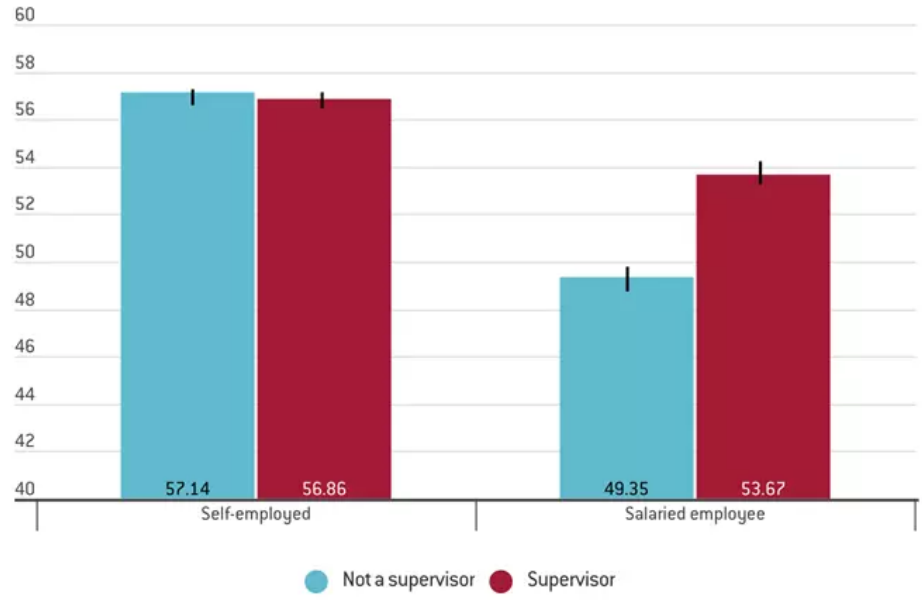
Self-employment: wellbeing, security and protection

A third set of pieces analyse the increasing trend of self-employment in Europe and implications for job quality, wellbeing, financial security and employment protections.

First, Milena Nikolova bridges the topics of remote work and self-employment in two related blogs. On 8 March 2021, she examines the work experience of the self-employed and relates it to the remote work experience of knowledge workers in the (post-)pandemic era. Telework has created working conditions for knowledge workers that mirror in many ways those of the self-employed. Despite high job demands, the self-employed also have more autonomy and higher job satisfaction compared to the employed. Her analysis suggests that understanding self-employment dynamics can offer insights for policymakers, employers, and employees on navigating the evolving work domain and the new hybrid way of working.

Nikolova follows-up on this research with an analysis of the well-being of solo entrepreneurs (solopreneurs) versus those self-employed individuals who employ others on 13 July 2022. By examining data from over 80,000 workers across 30 European countries, the findings illustrate that while solopreneurs enjoy higher levels of autonomy, contributing to a desirable entrepreneurial experience, they often earn less and face more monotonous tasks compared to their counterparts who employ others. The insights aim to contribute to better policy and program design promoting overall worker well-being in varying entrepreneurial setups within the EU.

Figure 2: Predicted autonomy, by self-employment and supervisor status, with 95% confidence intervals



Source: see Figure 1. Notes: The figure depicts the marginal effects of predicted autonomy for the self-employed and salaried employees, depending on their supervisor status, based on regression analyses. Autonomy is standardised to have a mean of 50 and a standard deviation of 10. For more information, see Table 3, Model (3) in Nikolova et al (2022).

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Beyond job quality and wellbeing, another concern for the self-employed is their financial security. This topic is explored by Rebecca Christie, Monika De Ridder (Grzegorczyk), and Diane Mulcahy in a policy brief from 24 March 2022, which analysed the current pension policies in EU member states for self-employed individuals. The authors highlight the growing role of self-employment, its advantages, and the associated pension limitations. They suggested an adjustment in pension policies to better cater to the self-employed, proposing clearer responsibilities among governments, companies, and individuals in pension contributions. They also emphasised the need for distinguishing between low-income and higher-paid self-employed workers to ensure fair pension access.

In a follow-up piece on 20 July 2022, Rebecca Christie and Monika De Ridder (Grzegorczyk), looked at the financial security of the self-employed, honing into the gender disparity and women's financial conditions. Utilising data from the European Central Bank, they uncovered an increase in self-employment among women during the pandemic across 15 EU countries. They discussed the financial vulnerabilities self-

employed women face, urging policy interventions to promote savings and retirement planning among this demographic. The authors advocated for policy measures to ensure equal entrepreneurial opportunities for both genders, emphasising the potential of such initiatives to foster innovation and financial security, thereby contributing to a more equitable self-employment landscape in the EU.

Finally, from the FWIG Excellence Network comes a policy brief on 7 June 2022, authored by Martin Gruber-Risak, Vassilis Hatzopoulos, and Diane Mulcahy. The piece discussed the need to adapt policies to better support the self-employed amidst the evolving nature of work. They highlighted the lag in EU labour market regulations in accommodating the diverse work arrangements present today. The authors advocated for revising worker classification and extending certain employment protections like the protection against discriminations and harassment, and the right to collective action to a broader range of workers. They also reviewed the special case of platform work, which brings us to the final topic of this workstream.

Two members of the FWIG Excellence Network, Milena Nikolova and Diane Mulcahy, both experts on self-employment, also featured in a podcast episode titled Lessons from the rise in self-employment on 24 August 2022. They discussed how independent work, self-employment and the gig economy have been evolving in the past decade and how this trend also changes our understanding of traditional employment. However, with the rise in self-employment comes the need to adapt our laws and legislation to accommodate pension schemes and benefits that many self-employed do not have, compared with their traditional counterparts.

Platform work

Throughout 2021, in the months leading up to the Commission's proposal to improve the working conditions of platform workers, Mario Mariniello hosts two events to discuss the challenges of workers in the platform economy. On 24 February 2021, in an event titled Protecting workers in the platform economy, Mario exchanged views with Shamina Singh (Founder & President, Mastercard Center for Inclusive Growth), Diane Mulcahy (Visiting fellow at Bruegel), Ana Carla Pereira (Cabinet Expert of Nicolas Schmit), Jacob Rudbäck (Founder and CEO, Yepstr) and Payal Dalal (Senior Vice President of Social Impact, Mastercard Center for Inclusive Growth). On 25 May 2021 he also hosted a fireside chat with Nicolas Schmit, European Commissioner for Jobs and Social Rights at the European Commission.

Timed with the release of the Commission's proposal to improve the working conditions of platform workers, Mario Mariniello discussed the urgent need for boosting gig workers' rights in the EU to foster inclusivity in the digital economy in a Bruegel blog article on 7 December 2021. The author wrote that the regulatory vacuum in which platform workers operate, lacking basic employment rights despite the control exerted by platforms. The Commission's initiative aims to rectify this by potentially recognising platform workers as employees under certain conditions, thus entitling them to better protection, including safeguards against algorithmic manipulation. While these are necessary first steps, Mariniello argued that more steps are needed to establish a more balanced and inclusive gig economy in the EU.

Finally, also from the FWIG Excellence Network, comes a working paper on 16 December 2021, authored by Néstor Duch-Brown, Estrella Gomez-Herrera, Frank Mueller-Langer, and Songül Tolan. Their investigation revolved around market power dynamics and the demand and supply of artificial intelligence (AI) labour on one of Europe's largest online labour markets. The authors analysed the impact of a platform policy change which mandated employers to signal pay rates based on the project's experience level required. They find higher demand and lower supply for AI-related labour compared to other labour types, and a wage premium of 3.0% to 3.2% for workers on AI projects compared to non-AI projects.

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