Chapter 7

Room to Choose Good Work

Economic globalization and technological development are often presented as inevitable trends to which people and nations can only adapt. By this reasoning, national governments no longer have the room to make choices and companies cannot provide good jobs due to the pressures of international competition. But is this really true? Is it realistic to pursue good work for everyone who can and wants to work?

The economist Anna Salomons argues that the digital revolution will not make existing work organizations superfluous. We should instead reflect on how we can develop ourselves, our institutions and our machines in such a way that human work remains human: “if employees are treated like robots, that hinders the productivity gains to be achieved by introducing *real* robots.”¹

David Weil concludes *The Fissured Workplace* by analysing what the fragmentation and outsourcing of work has meant for employees: greater insecurity, worse terms of employment, fewer on-the-job training opportunities and restricted opportunities for advancement. Yet he is hopeful. We are emerging from a long period during which pay, conditions and standards of *fairness* in the workplace did not improve. But by taking advantage of new ways of organizing production, better work can be had for all.²

Other experts have argued along similar lines. But is their optimism realistic? Are companies and governments really still able to prioritise creating good work for everyone? This chapter first addresses globalization (Sect. 7.1) and technological developments (Sect. 7.2) before turning to the choices open to companies (Sect. 7.3) and the government (Sect. 7.4).

¹ Salomons (2015).

² Weil (2014).

7.1 Globalization with Policy Space

Economic globalization has transformed the world since the late 1970s. There is now greater process interdependence across national borders; the international trade in goods and services has blossomed while financial flows have become faster and more extensive. Companies are now more likely to operate internationally, producing and assembling goods and delivering services through cross-border value and production chains. Many firms have subsidiaries, affiliates and production units abroad; about 15,000 Dutch businesses have a foreign parent company.³ The Netherlands, a medium-sized nation with an open economy, now earns approximately 34% of its GDP abroad⁴ – a proportion which has remained stable for many years. Domestic economic activity thus still accounts for almost twice as much income as the international trade on which the country prides itself.⁵

7.1.1 *Winners and Losers*

Globalization has long been presented as a development over which we have no control. But recent years have shown that its rules can and do change.⁶ The International Monetary Fund has become less doctrinaire about controls on capital movements; many international organizations have published reports on the need to make globalization more inclusive. In any case, the world economy is nowhere as globalized as it could theoretically be,⁷ and there is scant likelihood that economic globalization will receive renewed impetus in the near future. New technologies may well make it more attractive to organize aspects of production closer by, while some in the affluent world have high hopes for “reshoring” – the return of production previously outsourced to emerging economies.

Ever since the Brexit referendum in the UK and Donald Trump’s election in the USA, analysts have been warning about the backlash to globalization – perhaps the end of the phenomenon as we know it.⁸ No-one any longer denies that globalization

³Boorsma (2018).

⁴CBS (2019d).

⁵Hueck and Went (2016, January 9); WRR (2013a).

⁶Rodrik (2017).

⁷Ghemawat and Altman (2016).

⁸van Bergeijk (2019); Bremmer (2018); King (2017); Rodrik (2017).

has losers as well as winners – although they are not always easy to identify.⁹ The obvious candidates are people who lose their jobs when production moves abroad and workers who find their pay and conditions undermined by foreign competition. Entire communities can suffer losses in income and well-being when a local company closes its doors and shifts its activities to a cheaper location.¹⁰

For people, work is much more than a source of income; not even generous benefit payments can offset its loss. How does one measure and compensate for the impact on families and communities of a company closure or relocation?¹¹ According to researchers at the Netherlands Bureau for Economic Policy Analysis, the Dutch losers of globalization are better off than in many other countries. In a recent policy briefing on inclusive globalization, they observe that “we are seeing shifts in employment across sectors, but unemployment remains low and the levelling effects of the tax system, along with the social-security safety net, are mitigating the sometimes painful transition effects of globalization.”¹² This is of course not the case everywhere, which is one of the reasons why alarming analyses of how robots will devastate the future landscape of work in the United States are often used to justify calls for a basic income there.¹³

7.1.2 *The Political Trilemma of the World Economy*

Concerns about the workings and future of globalization and the revival of nationalism have fuelled debate on more inclusive ways of organizing the international economy, national economies and the welfare state.¹⁴ “The question today is what type of globalization there will be,” writes Angel Gurría, Secretary-General of the OECD. “It doesn’t have to be the one we’ve had. We must return people’s well-being to the centre of our focus, and ensure that the benefits derived from further interconnectedness of our economies, societies, institutions and cultures are more equally shared.”¹⁵ At issue is whether and how the policy space available to national governments should be expanded so that they are better able to pursue domestic priorities. Small emerging economies have been hamstrung by globalization much more than large, rich economies like the United States or even advanced medium-sized economies like the Netherlands.

⁹ Nolan (2018, August 3); Rodrik (1997); Rodrik (2011); Stiglitz (2002); Went (2017).

¹⁰ Collier (2018); Rajan (2019).

¹¹ Cass (2018); Goldstein (2017); Rodrik (2018, November 9).

¹² Euwals and Meijerink (2018).

¹³ Ford (2015).

¹⁴ See, for example: Block (2018); Collier (2018); Corneo (2017); IPPR Commission on Economic Justice (2018); Mazzucato (2018); Rajan (2019); Raworth (2017); Rodrik (2017); Went (2018).

¹⁵ Gurría (2017, June 6).

Fig. 7.1 The political trilemma of the world economy

Source: Rodrik, 2007

Dani Rodrik’s “political trilemma” posits that it is impossible for far-reaching globalization *and* democracy *and* nation states to co-exist (see Fig. 7.1); we must choose which two of the three we consider more important. In the post-war Bretton Woods era, international trade was promoted but brakes were placed on the globalization of capital movements (see the lower axis in Fig. 7.1). The idea was that national priorities, such as lowering central-bank interest rates to boost employment, should not be hindered by (the threat of) capital flight. Since the 1980s, greater efforts have been made to achieve far-reaching globalization (the left-hand axis). As globalization limits the options and policy space available to individual nations, Thomas Friedman calls this “the golden straitjacket”.¹⁶ The third choice (the right-hand axis) is technically possible but implies something like a world government and global democracy that go far beyond the many forms of “global governance” we know today. In practice, these choices involve gradations.¹⁷

National governments largely retain the ability to make their own policy decisions.¹⁸ Torben Iversen and David Soskice even argue that “the autonomy of the advanced nation-state has increased even as globalization and mutual dependence have risen.”¹⁹ The Social and Economic Council of the Netherlands argued in 2008 that states should use this policy space to help companies and workers losing out from globalization.²⁰ Countries, conclude IMF researchers, are in a position to choose to make economic growth more inclusive and less uneven.²¹

¹⁶ Friedman (1999).

¹⁷ Rodrik (2007, June 27); Rodrik (2011); Derbyshire (2017, July 28).

¹⁸ See, for example: Rodrik (1997); Rodrik (2011); Rodrik (2017); SER (2008); Went (2018).

¹⁹ Iversen and Soskice (2019): XII.

²⁰ SER (2008).

²¹ Ostry et al. (2019).

7.1.3 *Lasting Differences Between Countries*

Researchers of the “varieties of capitalism”²² have analysed the differences between so-called “liberal” market economies like the US, the UK and Australia and “co-ordinated” economies like Germany, the Scandinavian countries and the Netherlands. What is striking is that all of these countries have continued to develop without converging towards an average or lowest common denominator. Despite the steady advance of globalization, there remain significant institutional differences between nations in areas such as social protection and the taxation of labour. Even a cursory glance at the statistics for OECD or EU member states shows that they remain as dissimilar as ever on numerous indicators, despite – or perhaps in part because of – globalization.²³

While Sweden and Japan both have highly open economic borders, “it is difficult to maintain that these countries have made identical political choices when it comes to issues such as taxes, distribution of income, education or social security”.²⁴ In the realm of work, Germany, Belgium and France proportionally have fewer flexible and self-employed workers than the Netherlands. These enduring differences between countries facing similar pressures from globalization are the result of their histories, traditions and preferences – in other words, of path dependencies, institutions and policy choices.²⁵

7.1.4 *The Same Picture in the Globalization of Production...*

One important difference between the current wave of globalization and the previous one, between about 1870 and the First World War, is that the production of goods and services has now also gone global – at least in part. Firms have divided their activities into tasks and subtasks which are then organized into production or value chains. This gives them choices. According to Stoker and Garretsen, globalization has enlarged the decision space available to CEOs: “In a world of open borders in which markets have largely been liberalized compared with the first few decades after the Second World, CEOs and corporate boards have huge strategic discretion.”²⁶

²² Hall and Soskice (2001).

²³ “Although corporations are now organized with greater flexibility and are more decentralized ... [r]edistribution and welfare states, while they have changed over time, remain different across advanced capitalist democracies” (Iversen & Soskice, 2019: 39).

²⁴ Stoker and Garretsen (2018).

²⁵ Admiraal (2018, October 16); de Beer and Verhulp (2017); Kremer et al. (2017d).

²⁶ Stoker and Garretsen (2018).

Most jobs in the Netherlands are with companies and institutions serving the domestic market; pay levels and the quality of work are generally determined nationally, not internationally. But local autonomy may be limited by foreign owners or shareholders demanding returns on investment, and by firms favouring an international strategy or division of labour as they compete.²⁷ For the 15,000 foreign-owned businesses in the Netherlands, the Dutch employers' organization AUVN finds that it matters where the parent company is based: "A Japanese firm is very different from an American or a French one. French companies often allow a fair degree of local freedom: as long as you pay your own way and keep the money coming in, you can do pretty much as you like. Japanese companies tend to be characterized by strict conventions and a methodical way of working, with plenty of protocols."²⁸ Statistics Netherlands and the Netherlands Organization for Applied Scientific Research report that Dutch local employees of US multinationals work more overtime and experience higher workloads and greater levels of mental fatigue than staff at non-multinationals.²⁹

7.1.5 ...and of Labour

The globalization of labour also has its limits. Immigration to the Netherlands over the past decade has largely been due to agreements made within the European Union, whose member states have decided that people, like goods and services, should be able to move freely across the continent's internal borders. While only a small percentage of Europeans (2.5% in 2010) use this right, Eastern Europeans do so far more than others. The largest group of recent immigrants to the Netherlands comes from Poland, currently totalling an estimated 370,000 people.³⁰

We again see significant differences between European countries, with some drawing many more migrant workers than others. In the Netherlands, labour migration is encouraged by active temporary employment agencies³¹ and constrained by collective labour agreements, high (minimum) wages, and barriers to temporary working and self-employment – especially the enforcement of existing rules and regulations.³² Under European agreements about working conditions, wages and

²⁷ See also Koster (2020).

²⁸ Boorsma (2018).

²⁹ CBS (2019b, March 31).

³⁰ Heyma et al. (2018).

³¹ McCollum and Findlay (2015).

³² Ruhs (2012); Holtslag et al. (eds.). (2012).

training, employers and member states have great latitude in determining what work is offered, and to whom; the institutions regulating national labour markets have replaced the customs posts of yesterday.

Research shows that labour migrants rarely steal jobs from native populations. Migrant workers mostly arrive in times of economic growth. There is in effect a dual labour market, with newcomers doing the work locals are unable or unwilling to do.³³ In economically precarious sectors or work organizations, this may lead to less investment in training, downwards pressure on wages and fewer opportunities for collective action (Box 7.1).³⁴

Box 7.1 What About Flexibility?

Globalization and technological advances allow the monitoring and adjusting of production and stock levels in real time and the breaking up of manufacturing processes so that they can be organized as efficiently as possible. But these developments, which have encouraged the growth of the flexible labour market, do not on their own explain the rapid rise in Dutch self-employment. The OECD in its report for the Netherlands Independent Commission on the Regulation of Work agrees.³⁵ If globalization and technology were the sole drivers of flexible work, there would be fewer differences between countries. Can flexible working then be tied to cultural trends? People increasingly value having say over their work; the growing number of working women means that more people want to combine work with care, while the rise of self-employment can in part be explained by freelance workers wanting more freedom and control over their own time. The flexible labour market does not only emanate from the top down – pushed by globalization and new technologies – but from the bottom up. That said, Dutch self-employment is not always a free choice; nor is the Netherlands so different culturally from places like Germany and the Scandinavian countries where self-employment is much less common. The number of flexible jobs and self-employed individuals in the Netherlands is then primarily the result of domestic political decisions, regulations and policies: everything from dismissal law and collective agreements to the system of taxation and social security. These are summarized in Fig. 7.2.

While economic integration can indeed set limits on countries trying to avoid capital flight in a crisis, economic globalization does not eliminate the ability of countries to define preferences and to act on them. Politicians in many parts of the world have become more aware of this in recent years. With the downsides of

³³ van den Berge et al. (2018); Berkhout et al. (2014); Portes (2018, April 6).

³⁴ Ruhs and Anderson (2010); Ruhs (2012).

³⁵ OECD (2019a).

Fig. 7.2 Causes of flexibilization in the Dutch labour market

Source: Kremer et al., 2017d

economic globalization becoming more readily apparent, there is growing international interest in how the policy space available to nation-states can be utilized more effectively.

7.2 Technology Does Not Just Happen

Like globalization, technological development is often seen as a force we can only prepare for and adapt to, not shape. Although its momentum may seem unstoppable to individuals, as the many bank staff who have lost their jobs to computers can testify, the bulldozer effect does not apply across the board. Politicians, governments, companies, engineers, technology workers, stakeholder organizations, social movements and others all help define how technology is developed and applied. “The future is not something we arrive at so much as something we create through our actions in the present” (Box 7.2).³⁶

³⁶ Rushkoff (2019).

Box 7.2 Technological Revolutions

We know from previous technological revolutions that the rollout and application of general-purpose technologies is a lengthy process of trial and error, correction, adjustment and adaptation.³⁷ While these technologies have great potential, realizing them requires a great deal of investment and, often, organizational change. Processes must be developed, management must gain experience, employees must be trained, software must be adapted and so on.

There is nothing inevitable about how new technologies are applied; it is not something society must simply accept. Over time, we have seen changes in the (initially mostly positive) attitude towards disruptive online platforms such as Uber and Airbnb. Around the world, platforms are now being challenged by new interest groups, networks and co-operatives formed by their workers. Cities such as New York and Barcelona and states such as California have begun subjecting platforms to stricter requirements, for example by limiting the number of vehicles allowed to operate on behalf of Uber, Lyft and similar companies, or by imposing requirements for drivers' pay, safety and working conditions.

Many communities are now responding to protect local residents and hoteliers from Airbnb's explosive growth. Amsterdam is working with other major tourist destinations such as Paris and Barcelona to limit the number of days homes can be rented out and to obtain more data from Airbnb about tenants and landlords. Governments are not powerless against platforms: it is possible to regulate them and to respond to their unwanted effects and side-effects through policy and enforcement.

7.2.1 *Humanizing Work*

New technologies were already threatening the quality of work in 1776 when Adam Smith wrote that the government should act to prevent the occupations of the working poor from being reduced to simple, monotonous operations which make people "as stupid and ignorant as it is possible for a human creature to become".³⁸ While new technologies can give workers more autonomy and control over the organization of their tasks, all too often the opposite happens.³⁹

Digital technology need not lead to the surveillance or control of workers through machine-generated feedback.⁴⁰ There are many examples of robots and "cobots" in

³⁷ Freeman and Louçã (2001).

³⁸ Best (2018).

³⁹ de Stefano (2018).

⁴⁰ Head (2018, May 24).

construction and the automobile industry making work for humans safer, more varied and less physically grinding. There are also inspiring initiatives to help people with physical or mental disabilities to find work or to function better in their current jobs; many expect such possibilities involving technology to increase in the future. Fred Block⁴¹ argues that, in principle, the ability to automate repetitive tasks creates more room for work requiring human judgement, creativity, problem-solving, interaction and contact in fields such as healthcare and care for the elderly.⁴²

Economists similarly argue that algorithms will make forecasting cheaper and thus increase the importance and value of human judgement.⁴³ Paul Daugherty and James Wilson at the consultancy Accenture point out that while humans have long had to adapt to the rhythm of machines, artificial intelligence now offers opportunities to rehumanize work and to alter the nature of human-machine interactions to increase both workers' productivity and well-being; in the coming age of AI, they anticipate huge demand for creative workers with people-skills able make decisions within new, fully thought-out work processes.⁴⁴ This will not be the case everywhere, and it may have to be fought for, but it is one of the possibilities offered by new technology.

7.2.2 *The Economics of Robots and AI*

Whether and how robots and algorithms enter the workplace – and what impact they will have on the quantity and quality of work – will depend on numerous factors and decisions. To successfully introduce robots to automate routine subtasks, companies will need both adequate financial resources and employees able to assess the available technologies. When a company decides to adopt robots or cobots, it is often not clear in advance what this will mean for the number of jobs. In theory:

- capital (robots and cobots) can replace human labour;
- the use of technology can increase productivity (and therefore wages);
- the use of robots can create new human tasks and functions.

In practice, the balance between the above mechanisms will determine whether the demand for human labour increases or decreases.⁴⁵

The story is similar for AI, with parallel predictions for how its entry into the workplace will affect functions and subtasks. Again there are many factors at play and decisions to be made: about what is or seems technically possible, about what actually works and about what is pursued in practice. Although how AI will affect the quantity and quality of work has been the subject of intense speculation,⁴⁶ so far

⁴¹ Block (2018).

⁴² See also: Colvin (2015); Davenport and Kirby (2016); Dekker and Freese (2018).

⁴³ Agrawal et al. (2018).

⁴⁴ Daugherty and Wilson (2018).

⁴⁵ ter Weel (2018).

⁴⁶ See: Agrawal et al. (eds.). (2019b); Mateos-Garcia (2019, October 7).

there is scant hard evidence. In theory, the use of algorithms can have many possible consequences⁴⁷:

- algorithms can substitute capital for human labour;
- algorithms can increase the relative return on capital, compared with the return on labour (for example, as a result of full automation);
- algorithms can increase the productivity of labour (and therefore wages);
- algorithms can reduce uncertainty and so create new tasks for human labour and/or capital;
- algorithms can create new human work upstream or downstream.

In practice, the overall balance between the above mechanisms will determine their consequences for both the quantity and quality of work.⁴⁸

Just as the introduction of robots is happening more slowly than enthusiasts once hoped, the widespread application of AI is not going to happen overnight; practical problems need to be solved and adjustments will take time.⁴⁹ A 2018 report on robot-based process automation in *The New York Times* described how “companies are eager to promote the bots as helpful assistants instead of job killers. The technology, they say, will get smarter and more useful, liberating workers rather than replacing them”.⁵⁰ Others warn that AI is no panacea: “To a certain type of technocrat, innovations offer an irresistible opportunity to do a lot more talking at the expense of doing.”⁵¹ If the culture, people and working practices of an institution are not ready for AI, the chances of success are small; time and space will be needed for trial and error.

7.2.3 Co-creation

Many experts argue that companies and institutions will benefit most when humans and machines complement each other and work as allies. One example is the robot *Moxi*, developed to make the lives of nurses easier after first carefully studying what nurses actually do on the job.⁵² By focusing on machine-human collaboration, it is possible to take advantage of their “complementary strengths”.⁵³ As a Japanese

⁴⁷ Agrawal et al. (2018).

⁴⁸ See: Daugherty and Wilson (2018); Bughin and Manyika (2019, July 25).

⁴⁹ Cass (2018).

⁵⁰ Lohr (2018, August 5).

⁵¹ Greenway et al. (2018).

⁵² Schwab (2019, August 7).

⁵³ Daugherty and Wilson (2018).

saying has it, people give wisdom to machines.⁵⁴ It is about encouraging co-operation with machines in a way that is good for people, society and the economy.

Technological applications should aim to make people function better; for this reason, they should be developed through “co-creation” wherever possible. The Social and Economic Council of the Netherlands underlines the importance of firms first consulting with the workers who will be using the applications.⁵⁵ Without their input – as well as that of clients and consumers – firms may end up with technologies no-one wants or which undermine people’s control over their working and personal lives.⁵⁶ Jacques Bughin and James Manyika of the consultancy McKinsey argue that efforts with AI “won’t succeed unless they benefit employees” (Box 7.3).⁵⁷

Box 7.3 The Human Factor

Anna Salomons argues that “new technologies are not being introduced in a vacuum. A company which installs a computer or a robot in a workplace does not see automatic increases in productivity: that also requires a change in its way of working. For example, the division of labour amongst staff or teams may change. Or the physical layout of the workspace may have to be adjusted. Or the technology may enable the introduction of new products or services, which first need to be invented. Changes of this kind to the production process require adaptability and risk-taking, because finding the best new working method and developing novel or improved services do not happen of their own accord.”

The academic literature on how new technology impels adjustments in the workplace “shows that the human factor is indeed of vital importance. Employees’ involvement and the way in which their work within a company is organized determine the extent to which new technology generates improved productivity.”⁵⁸

How technology is used and the measures taken to reduce its social costs will ultimately depend on decisions made by employers and politicians.⁵⁹ It is up to policymakers to ensure that new technology leads to more prosperity for everyone, as this will not happen on its own. “Economists tend to place great trust in the market’s ability to allocate resources in the most efficient way. But most experts recognise that the market’s star does not shine as brightly when it comes to innovation. There are several reasons for market failures in innovation in general, as well as some specific reasons that are important in the context of AI.”⁶⁰ One is that the market does

⁵⁴ Kochan and Dyer (2017).

⁵⁵ SER (2016b).

⁵⁶ Melis (2019, February 13).

⁵⁷ Bughin and Manyika (2019, July 25).

⁵⁸ Salomons (2015).

⁵⁹ Gallie (2017).

⁶⁰ Acemoglu and Restrepo (2019a).

not price in the social benefits of work, for instance that “employed people are happier and become better citizens”.⁶¹

In sum, we need to recognize that technology does not just happen to us. Robots and AI will not determine how humans organize work in the future, how working people will interact with machines and algorithms, or whether workers will have more or less freedom of movement or control over their work. Ultimately, it is people who decide how technology is used and what it means for the quality of our work. If we want everyone to benefit from technology, engineers, entrepreneurs, employers, trade unions, civil society organizations and governments all have a role to play.⁶²

7.3 Investing in Good Work

The responsibility for investing in good work rests primarily with the management boards of companies and institutions.⁶³ Firms make strategic choices within their sectors,⁶⁴ about terms of employment and about whether and how to automate (by replacing human labour or by increasing its productivity). Investing in workers by paying them well and giving them more room to organize their own tasks should result in higher engagement⁶⁵ and productivity as well as less workplace friction and spending on the recruitment and training of new staff⁶⁶ (see also Chap. 2).

In the Netherlands, a case study of 19 companies providing low-skilled work in labour-intensive agriculture found both “precarious” employers treating their staff as disposable and “socially responsible” firms investing in their workers and trying to keep them for longer. There were significant differences in personnel and remuneration policies and in employer-staff relationships, which could only be the result of deliberate choices by management as the economic environment in which these

⁶¹ Acemoglu and Restrepo (2019b, March 29).

⁶² Markoff (2015); ter Weel (2018); Went et al. (2015).

⁶³ “Going beyond formal rules governing the labour market, the future of work and the actual quality of jobs depends on the working environment at the firm level. Hence creating ‘good’ and healthy jobs depends on employers’ initiatives to organize work in a sustainable and productive way. While standards can be set by legislation and collective agreements, and while this can be supported by incentives given to firms, the ultimate responsibility lies with individual employers and management in day-to-day activities. Using different forms of effective employee representation and participation can help develop good working environments” (Eichhorst et al. in press).

⁶⁴ One Dutch example is the retail chain Mediamarkt, which for years competed on price. In late 2018 it implemented a “complete change of culture” to focus on quality (van der Velden & Polman, 2018).

⁶⁵ Economists also call this an “efficiency wage”. See for example the explanation at https://en.wikipedia.org/wiki/Efficiency_wage

⁶⁶ Research by economists at banking group ABN-AMRO on staff turnover in the Dutch hospitality industry shows that replacing a full-time cook costs almost €30,000 and a full-time server over €15,000. The costs incurred due to staff turnover equal 6% of the sector’s entire sales income (Driessen, 2019).

companies operate is more or less the same.⁶⁷ In another Dutch example, Frank Pot studied the position of workers in short-cycle labour, typical in sectors such as cleaning, agriculture and horticulture, meat and fish processing, and in production lines and distribution centres. This kind of work generally “involves repetitive movements and its pace is often machine-led, with all the risks of RSI [repetitive strain injury] and stress that entails”. Although the 1989 Working Conditions Act encourages employers to reduce short-cycle labour, few firms have made appreciable progress; some “seem to prefer class struggle over the co-creation to which the Dutch employers’ association AWWN is committed”.⁶⁸

Ferry Koster⁶⁹ concludes from his review of the literature on labour deployment that “financialization and competition may well put pressure on the labour factor” but that this competition can be met “by choosing the ‘high road’ rather than reducing labour to a simple cost item to be cut back as far as possible”. A lot of research has addressed the “low-road” versus “high-road” choices companies face in their employment relationships, with those choosing the high road offering their staff better pay, terms and conditions than are strictly necessary.⁷⁰ Jeffrey Pfeffer concludes that employers who implement practices good for the well-being of their personnel reduce “their own costs from employee medical expenses, absenteeism, workers’ compensation insurance costs and the productivity loss from having employees who are physically at work but not ‘really there’”. These employers also reduce “the costs to society from people’s poor physical and mental health and the harm done to individuals”.⁷¹

Zeynep Ton’s study of how US retail chains in highly competitive sectors treat their employees concludes that certain practices “allow retailers to break the presumed trade-off between investing in employees and maintaining low prices”.⁷² Successful chains like QuikTrip, Mercadona and Trader Joe’s invest heavily in their staff but still have the lowest prices, achieve solid financial results and offer better customer service than their competitors. Such companies show that, even in segments where the lowest price is king, “bad jobs are not a cost-driven necessity but a choice”. Ton chose to focus on these firms because they employ millions, because they have a reputation for paying low wages and because many people who value good work believe it is impossible in such companies. To managers, company directors and entrepreneurs who want to offer good work but are deterred by the costs, Ton points out that “offering good jobs can in fact reduce costs and increase profits, as long as it is combined with operational excellence”.⁷³

Paul Osterman,⁷⁴ who has written extensively on the high and low-road approaches to industrial relations, similarly concludes that “companies can do well

⁶⁷ Kroon and Paaue (2014).

⁶⁸ Pot (2018a).

⁶⁹ Koster (2020).

⁷⁰ See Koster (2020).

⁷¹ Pfeffer (2018).

⁷² Ton (2012, January–February).

⁷³ Ton (2014).

⁷⁴ Osterman (2018).

if they do good”. Nevertheless, evidence for the profitability of the high road alternative is thinner than one hopes. While virtuous employment policies may be possible in many low-wage industries, there is scant evidence “that the ‘high road’ is generalizable or that it will be a viable alternative for any randomly chosen company”. Osterman argues that the government should use regulations and tenders to prod employers down the high road. Former US President Barack Obama deliberately visited companies with better working conditions to boost their business while ordering federal contractors to adhere to “high-road practices”.⁷⁵ Osterman further advocates empowering stakeholders and trade unions to make it more difficult for financial markets to insist on profit maximization.

7.4 A Task for Government

If creating good work is in the interests of employers, why do so many fail to do so? Many researchers struggle with this question.⁷⁶ The business literature points to numerous instances of management being unaware of the problems, of not knowing what to do, or trying but failing to transform the organization accordingly.⁷⁷ In contrast, economists Dani Rodrik and Charles Sabel trace the shortage of good work to systemic failures of the market: the benefits of good work accrue more to society as a whole than to individual employers, for whom providing good work may be costly.⁷⁸ In other words, good work has positive externalities and the government has a clear role to play.⁷⁹

Laws and regulations to safeguard better work are advocated by the research institute affiliated to the Dutch Christian Democratic Party. Its report on bringing greater certainty to the labour market claims that making flexible work more expensive – which the third Rutte government, in power since October 2017, has already done to some extent – might even find broad support among employers. The report refers to the “hockey helmet” mechanism, described by Thomas Schelling in 1973, who observed that most ice-hockey players at the time did not wear helmets during matches but nevertheless favoured their mandatory introduction: “They did not want to play in them voluntarily, because their peripheral vision was obstructed. But with a requirement, everyone would suffer the same disadvantage and the risk of

⁷⁵ Osterman (2018).

⁷⁶ See, for example, Pfeffer (2018).

⁷⁷ Presentation sheet by Steven Dhondt in 2018, based on Gibbons and Henderson (2013).

⁷⁸ Rodrik and Sabel (2019).

⁷⁹ “If the labor market settles on an efficient outcome in which large segments of the population lack meaningful work, our response can’t be to say ‘thanks, understood’ and then to wait for those displaced people suddenly to transform themselves into something else, or simply to give them government aid. Our response must be ‘that needs to change’” (Cass, 2018: 53).

head injuries would also be limited.” This may also apply to the labour market: “Employers themselves want better, fairer regulations for permanent and flexible staff. So that those who are already socially aware do not suffer any disadvantage.”⁸⁰ The government can ensure that firms that do the right thing are not undercut by firms that do not.

But laws and regulations to improve the quality of work are not enough; more is possible and necessary. So-called soft regulation encourages companies and institutions to focus on better work. “Economically non-optimum management styles are often tenacious in their survival”, observes Frank Pot in an article on how the Dutch government, employers’ organizations and trade unions previously sought to influence technological and organizational change. The government’s task is “to promote productivity, innovation and quality of life, and hence also quality of work” – which requires different forms of organization⁸¹ (see Box 2.6).

Harry Garretsen⁸² points out that “in view of all kinds of external effects”, it is plausible that “markets left to themselves generate a suboptimum (= too low) level of innovation”. Garretsen sees a role for government intervention, for “supporting companies, perhaps through pilot projects, to initiate or step up innovation aimed at achieving better, smarter management and work”. To successfully apply new technologies in the life sciences, nanotechnology, AI and robotics, public policy must consider the “complementarity between hard and soft technologies; ... between technological and social innovation”.⁸³

Tuomo Alasoini⁸⁴ has studied the conditions under which workplace development programmes actually lead to better work in ten European and East Asian countries, including 16 projects in Finland between 2004 and 2010. He concludes that innovations in the workplace are rarely achieved through hard regulation, let alone deregulation, but through soft regulation – policy frameworks and recommendations, information on best practices, the training and education of managers and employees, advisory and consulting services, benchmarking tools, and grants and

⁸⁰ Siegmann (2018). Lodewijk Asscher, leader of the Dutch Labour Party, also discusses the importance of new certainties in *Opstaan in het Lloyd Hotel* (“Awakening in the Lloyd Hotel”): “For decades we have heard that it is a good thing that citizens no longer rely upon a protective government. Of course everyone knows that not all the old certainties can survive. But is it not now time for new certainties, instead of always having to manage by yourself?” (Asscher, 2019: 140).

⁸¹ Pot (2019b).

⁸² Garretsen (2019, September 26).

⁸³ See also WRR (2013a).

⁸⁴ Alasoini (2016).

subsidies to companies.⁸⁵ The Finnish government, for instance, prioritizes new forms of workplace organization and better quality work, as do high-tech programmes in Germany.⁸⁶

Better work does not come about automatically. Market failings, management styles, lack of information, insufficient knowledge and under-resourcing can all hinder its emergence. But because societal interests – general well-being and economic productivity – are at stake, the government is justified to step in through hard and soft regulation. For starters, this would entail working with employers' associations and trade unions to embrace the importance of good work.⁸⁷ The government can also create incentives for stakeholders to reach agreements and take initiative (see Box 7.4).⁸⁸ The state is also a major employer and can lead by example, prioritizing good work for its own personnel and ensuring through socially responsible procurement that public tenders are competitive not only in price, but in sustainability and compliance with quality-of-work requirements.⁸⁹

⁸⁵ Innovation vouchers worth €7500 distributed by drawing lots among Dutch SMEs in 2004 and 2005 made “a structural contribution to the advanced innovation activities of small and medium-sized enterprises” (Lemmers et al., 2019).

⁸⁶ Pot (2019b).

⁸⁷ In *For the Sake of Security* (Kremer et al., 2017d), we highlighted Koen Caminada's suggestion that a moral appeal be made to individuals and businesses employing other people. He believes “that it is simply obvious that the Minister of Social Affairs and Employment should let the Netherlands know what a socially and morally acceptable minimum rate is. When making an agreement with a local contractor, if you then communicate that if they go below x you will enter into a contract with them, that is not ok and you are not acting morally. I think that will help” (Houweling & Sprengers, 2016: 404–405). Economist Samuel Bowles (2016) shows that standards and societal and moral preferences matter in the economy.

⁸⁸ See Mazzucato (2018) on the value of government and of mission-driven public policy.

⁸⁹ On www.pianoo.nl, a website featuring expertise on public procurement from the Ministry of Economic Affairs and Climate, we read: “Organisations that adhere to the principle of social return reach purchasing agreements with contractors concerning the creation of additional jobs, work-experience jobs or internships for people who are disadvantaged within the labour market. These include the long-term unemployed, people who are partially disabled or young people with a disability. By creating additional jobs in this way, the target group can participate according to their ability, making use of extra productivity that would otherwise remain unused. Social return is not intended to supplant existing jobs.” The site provides further advice, examples and guidelines.

Box 7.4 The Importance of Standards, Laws and Regulations

What constitute normal, acceptable or just working conditions is less clear than what laws and enforcement protocols define. This is one of the reasons why workers and their representatives must be involved in decision-making about automation⁹⁰ and the organization of work.⁹¹ These are also key issues for politicians, trade unions, employers' associations, and professional organizations in areas such as education and healthcare. Legislation and regulations, collective agreements and social contracts all define conditions and performance requirements, enforced as necessary by regulators and inspectors. What society wants to regulate and possibly restrict to guarantee the quality of work is constantly evolving, as are laws, regulations and standards.⁹² We need ongoing dialogue at the company, sector and national levels.

In sum, firms and institutions choose how to treat their workers; their choices are not imposed by globalization, technology or existing labour-market institutions. While good work benefits workers, the economy and society as a whole, it does not always come about on its own. There is thus a role for government (see the recommendations in Chap. 8).

7.5 Conclusion: Room for Choice

“The future of work”, concludes the OECD, “is in our hands and will largely depend on the policy decisions countries make.... With the right policies and institutions, the future of work can be one of more and better jobs for all.”⁹³ The findings in this chapter support this assessment. Robots, algorithms and global competition have not eclipsed the Netherlands' ability to pursue its own priorities. Companies and institutions are able to focus on creating better work for more people.

The government can promote good-quality work both through “hard” regulation (and its enforcement) and “soft” regulation. It can create incentives for stakeholders to reach agreements and take initiative. As an employer and contracting body, the government can also lead by example, by providing better work for its own staff, by purchasing sustainably and by imposing quality-of-work requirements in its tenders.

⁹⁰ As long ago as 1968, the Social and Economic Council of the Netherlands spoke out in favour of involving employees in automation: “It is apparent from the hearings that, in most cases, the information was provided at the time of the decision or later, and that only a few companies had consulted in advance about the automation before a particular decision was made. [In those cases] staff were engaged and so encouraged to help think about the technical innovations and the means of their implementation. In principle, the Council regards this form of consultation as the most appropriate” (quoted in Pot, 2019b).

⁹¹ de Stefano (2018); Federal Ministry of Labour and Social Affairs (2017); Oeij et al. (eds.). (2017).

⁹² AWVN (2018); Kremer et al. (2017d).

⁹³ OECD (2019a).

A Day at Work: The Homecare Worker

“You shouldn’t do it for the money”, says 22-year-old Bouchra, wearing trainers, casual trousers and a Muslim headscarf. “It’s for the heart. If I leave people happy, my day is complete.” Bouchra has been a care worker for 2 years now. She ended up in the job by accident; being her mother’s main care-giver, she was unable to complete her training as an administrative assistant. She started as a domestic help but is now a homecare worker.

She reaches her first client at 7.30 am. “Home care”, she says through the intercom. The door swings open. Behind it is a man in his bathrobe, with a walking frame. Bouchra has come to wash and dress him and put on his support stockings.

The man is 93 and, much to his own delight, still has full control over his mind. Almost a century, he says, “but I hope I don’t make it that far”. Bouchra is taken aback: “But I’ll miss you!” The elderly gentleman is very pleased with Bouchra. “Some people have problems with a headscarf. They say, ‘Take that thing off your head.’ Incomprehensible. She’s very good.” Within 35 min the man is clean, dressed and sitting in the armchair in his living room. “Is there anything else I can do for you?”, asks Bouchra, a cup of tea in her hand. “She always asks that now”, he says. “And I always say, ‘No, Bouchra, everything’s just fine.’” She then explains that she is not coming tomorrow; Marja will be here instead. She will be back again on Tuesday. It does not quite seem to get through.

Bouchra rushes to her next appointment. “Clients are always upset if you’re in a hurry. You should never look at the clock if they can see it.” On her phone she checks who is next on her round and what she has to do for them: support stockings 15 min, washing 20 min. Her tasks and time allocations are set out in the care plan drawn up by the district nurse – the insurance company is watching. Despite repeated attempts by successive health ministers to abolish minute-by-minute registration, home care is still all about time.

Later that morning she has some crackers for lunch at the door of her fourth client, a water bottle within reach. It is now noon. “This is a quiet day”, she says. This man is her last client of the morning. She rings the doorbell, but nobody comes. So she calls the client’s landline. No answer. She calls the office. No answer. She checks her phone to see if someone else has already called by. No. She looks to see if there is a contact person she can call. No-one in the system. “I’ll have to report that to the office, it’s useful to have.” Bouchra often finds herself on her own in this job. Finally, a neighbour opens his door.

After much knocking at the door and ringing the bell, they finally hear noises inside the flat. The man opens up, confused and wearing only incontinence pants. “Hello sir”, Bouchra says gently. She shakes his hand. “Were you in the shower?” She stays until he is sitting comfortably at his table, has found and taken his pills and is eating a bowl of cereal. “Someone else might have just left, but I wanted to make sure everything was OK. Otherwise I wouldn’t feel at peace.”

(continued)

This gentleman really belongs in a nursing home, says Bouchra, but there are no vacancies at the moment. Everyone is expected to live at home for as long as possible. “You have to have serious dementia to be admitted.” As a result, many of her clients have multiple and complex problems. “And sometimes they’re angry. Especially when I’m late. If I’m due at 9:30 but don’t reach them until 10:30. Because of that they almost miss an appointment at the hospital, or their legs are completely swollen because they’ve been wearing their support stockings for too long.” When people yell at her, Bouchra tries to stay calm. She understands their frustration. She has never been on a course on how to deal with angry clients, but she has taken one about time registration on her phone.

Bouchra’s next call is not until 4.45 pm. She hates these split shifts, as do her colleagues. The rosters are tailored to the clients’ wishes. It would be nice if her route suited her better and there was not such a long break in the middle of the day. But she is happy that she finally has a permanent contract. They had promised her one after the first year, but it never materialized. Earlier this year she asked again, and this time it came. Bouchra is very pleased about this because it gives her stability and security. It means she can finally dream about buying a house of her own.

About 400,000 people, mainly women, work in home care in the Netherlands. While a small proportion are qualified nurses with a professional degree or Level 4 vocational qualification, the great majority are classified as care workers, social assistance workers or domestic helps, mostly with lesser qualifications. Their gross monthly salary is generally between €1400 and €2750, or slightly higher – up to €3300 – for graduates. The average (modal) income in the Netherlands in 2020 will be just over €2800 per month, excluding holiday pay. Most homecare workers (80%) have a permanent contract and work part-time, although half take on extra shifts because the sector is now growing again following a period of contraction between 2012 and 2016. Absenteeism and perceived workloads are high.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter’s Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter’s Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.