



EMPLOYMENT

The Future of Transportation Work:

A SUMMARY REPORT - PART FIVE

TWIN DRIVERS OF CHANGE DISRUPTOR #2: Work Organisation and Employment Relationships

by DR JIM STANFORD AND MATT GRUDNOFF as adapted by WA Transport Magazine. // Centre for Future Work at the Australia Institute

Major changes in the organisation of work – including the nature of the relationships between workers and their employers, and relations within and between firms in the overall transportation supply chain – are also restructuring transportation jobs. These changes raise challenges for the quality and stability of work that may be as dramatic as, and are certainly more immediate than, the challenges arising from new waves of technological innovation.

The growth of the so-called “gig economy” poses fundamental

challenges to the traditional model of employment, and to traditional methods for regulating work and ensuring minimum standards. It is not clear that existing labour regulations apply to independent workers (and in some cases it is explicitly clear that they do not) – let alone that those rules can be effectively enforced in a free-wheeling, digital economy. In some cases, evading traditional regulations and employment responsibilities is part of the rationale for the growth of independent-contractor-style practices in the first place.

The transportation sector has been

an important site for the development of digitally-based “gig” business models. After all, the most famous (or infamous) platform business – the Uber ride-sharing service – is in the transportation business (although Uber’s owners deny this, claiming instead that they provide “information services” to drivers who are their customers, not their workers).

The growth of other platform-based transportation businesses (including ride share, courier and delivery services, and intercity parcel and freight delivery) has raised concerns the transportation sector

could be more broadly disrupted by digital platform intermediation. Still other transportation services could be collateral victims of disruptions to the businesses of existing transportation customers: for example, on-line retailing could undermine demand for existing transportation providers (such as bulk shippers for large retail chains), at the same time as stimulating demand for others (like small courier and delivery services).

Some historical perspective is needed to better understand digital platform businesses, and to distinguish between the technical innovations they utilise and the changes in work organisation their business models introduce. In fact, the major organisational features of digital platform work are not new at all (see Box below).

“Gig” practices such as on-demand work, piece-work compensation, requiring workers to supply their own tools and workplaces, and the use of labour intermediaries have been common for hundreds of years. The only key difference is that past incarnations of these practices could not use digital methods for organising, supervising, and compensating the work (since smart phones did not exist!).

Moreover, it is wrong to view the growth of insecure or “gig” work as solely or mostly resulting from technology. Instead, the growing precarity of jobs, including those associated with digital platforms, clearly reflects the evolution of social

relationships and power balances, as much as technology per se.

As noted above, non-standard or precarious forms of employment are already very common in Australia’s transportation industry. The shift to non-standard forms of work will likely continue in coming years, absent major changes in business strategy, macroeconomic conditions, and regulatory stance. After all, the development of new platform-based transportation business models is still in its early stages.

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There are other instances where the application of digital matching systems to transportation services will expand the preponderance of “gig” jobs – such as coordinating delivery of individual freight loads or courier deliveries through digital bid-based systems. These models would introduce a more transparent and unforgiving incarnation of competition, undoubtedly putting downward pressure on service rates, effective

wages, and working conditions.

Other changes in the corporate structure of transportation services could arise from new forms of partnership between transporters, shippers, intermediary firms (including digital or data services), and possibly even manufacturers of transportation equipment – who could partner with the developers of new digital apps to “lock in” a market for their specific brand of transportation equipment.

Nascent examples of these business models are visible in emerging partnerships between automobile manufacturers, ride-sharing services, and early adopters of driverless vehicle services. New production technologies (such as driverless systems, drone-based delivery, and other automated forms of transportation) will overlap with new business models, to generate a multi-dimensional disruption in existing practices that will challenge existing transportation suppliers – as well as challenging traditional models for supporting incomes and working conditions.

Once again, technology is not the only force driving this continuing shift toward a more fragmented and competitive industrial structure, and a more contingent and unstable organisation of work.

Weak labour market conditions facilitate the process, too: by ratifying firms’ adoption of contingent staffing strategies, and undermining workers’ ability to demand greater stability in their employment relationships. Similarly, the ambivalent stance of regulators to the recognition and enforcement of minimum standards in new business models has also allowed “gig” models to proliferate.

In the next edition of WA Transport Magazine, the Future of Transportation Work concludes with a review of possible scenarios of change and forecast growth in transportation demand in Australia.

*To read the full report visit:
www.twusuper.com.au/the-future-of-transportation-work/*

WHAT’S NEW ABOUT “GIG” WORK, ANYWAY?	
Work Practice	Historical Antecedent
On-Call Scheduling	Stable weekly work schedules were unusual prior to mid-20th century; contingent hiring was common (eg. Sydney’s “Hungry Mile”).
Piece Work Compensation	Common in many applications in manufacturing, agriculture, resources, services; but not effective in many jobs.
Home Work / Own-Provision of Tools	“Putting out” system; cottage industry; forestry, fishing, resources; transportation; personal services.
Intermediary / Labor Hire Triangulation	Gangmasters, labour hire services have operated for hundreds of years as middleman between producers and end-users.
Method of Coordination	This is indeed new: digital platforms allow easier, less costly coordination of contingent labour and collection of payments.

