

SP [O] TLIGHT

IN THE SECTION:

OPEN FOR BUSINESS: CEOs speak out for LGBT+ inclusion

MUHAMMAD ALI: Far better boxer than businessman

UAE: A look at the newly minted Minister of Happiness

Shift CHANGE

What does “employment” mean today?

IN THE UK, THE TERM “employee” is often used as a surrogate designator for the outmoded concept of “working class.” In the “good old days,” employees were set up as the opposite to bosses. Employees formed trade unions to engage in collective bargaining, sometimes backed up by strikes. Bosses, in turn, were either benign patriarchs (Cadbury) or malign tycoons.

This language and these concepts have largely wilted. Jamie Dimon as the boss of JPMorgan is as much an employee as the humblest wage clerk. The defining characteristic

of today’s employee, rich or poor, is merely that he or she should have a contract of employment, as opposed to some lesser arrangement. That contract may be between two real people or between a real person and an artificial one, perhaps an LLP. Although both parties have legal personality and can make contracts, there are obvious differences.

For example, a company has eternal life as long as it does not go bankrupt, at which point it typically dies; a human has no eternal life but does not die on bankruptcy; people nonetheless seem to last longer than do most companies.

The idea of employment is, however, still a necessary part of modern capitalism. It enables an employer to know what human resources will be at its disposal over what period; it enables the employee to

know where the next meal, or super-yacht, is coming from.

But even this modern form of contract is now breaking up. Employees do not want many of the commitments of traditional employment (no time to smell the roses, no gap year), nor do employers want the associated obligations: insurance, pension and other collateral benefits – a corporate jet at the top end, a luncheon voucher at the bottom.

The old bargain is no longer so attractive to either side. The new “zero hours” contract – “I will work for you, but not commit

Employment is a concept which people still value. But the ways we organize work are in flux

to anything; you will work for me, but I will not promise to give you any work” – may be good for the government’s employment statistics, but is not employment as generally understood. As to the new tech-enabled business, is Uber an employer or merely a well from which the self-employed can draw their own water? Is Airbnb an employer, a hotelier or merely a website?

There is a current idea in discussion that there should be a link or ratio between what the top employee in a company gets paid and what the lowest paid receives. It is easy to see the political argument that the cook in the NASA canteen should have his pay linked to that of an astronaut but it is harder to see any economic validity. The canteen worker may need to become an independent contractor or perhaps, with his fellow cooks, form his own corporation, where the pay ratios are always one-to-one.

Employment is a concept that people do still value. “I lost my job” is usually a plaintive wail, whether from high or low. Similarly “I have a new contract” is often a proud boast. The ways in which we organize to work are in flux. “Bosses” and “Workers” is no longer a natural divide (as our political parties are discovering to their consternation).

A new breed, the entrepreneur, the self-employed, the ad hoc contractor, is ascendant – and good luck to them. They have no job security, no guaranteed income and no pension provided, but they are the new reality.

Many of these free agents (the humans) will live to be 100, so let’s hope the new model works.

Rob Webb QC is a Brunswick Senior Adviser based in London.

