Better outcomes for everyone?
The UK’s fragmented digital ecosystem of work and welfare

Summary
Digitalisation is rapidly transforming work, with consequences for job quality, quantity, security and social protections. At the same time, many countries are moving towards ‘digital by default’ welfare services. In this context, the UK Government’s roadmap for digital and data aims to deliver a “transformed, more efficient digital government that provides better outcomes for everyone”.

Our research assessed the effectiveness of these ongoing digital transitions in the UK and six European countries. Our findings highlight the importance of understanding policy, and its implementation, in the context of a wider ‘digital work and welfare ecosystem’. In this ecosystem, interactions between key government, business, civil society and trade union actors are key to shaping the digital transformation.

We identified three types of digital work and welfare ecosystems in Europe: synergistic, laggard and fragmented. More successful digital transformations (Norway and Estonia) are characterised by high levels of synergy between government, business and civil society actors. Countries with more uneven and poorly coordinated development lag behind (Hungary and Italy).

In the UK, Germany and Spain, the digital welfare ecosystem is quite fragmented. The synergy between actors required to achieve the inclusive transformation envisioned by the UK Government’s roadmap is currently lacking.

Our research suggests the UK’s fragmented digital ecosystem will negatively affect the successful roll out of digital public services and the potential quality of jobs available. There is a need to more effectively coordinate dialogue between the key actors from government, business and civil society, to develop an inclusive ‘digital work and welfare ecosystem’ with “better outcomes for everyone”.

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Policy context and ambitions
Our comparative research in the UK and Europe was conducted in the policy context of the European Commission’s (2021) ‘2030 Digital Compass’ and the UK’s ‘Transforming for a digital future: 2022 to 2025 roadmap for digital and data’. Both policy approaches aim to significantly improve the future digitalisation of public services in Europe.

By examining the evolving digital landscape in seven European countries our research identified the gaps between the ambition and realisation of these objectives. It also sought to identify the inclusive or exclusionary consequences of the aimed for “better outcomes for everyone”.

We conducted a comprehensive analysis of existing quantitative data of key digital indicators and extensive expert interviews with those in government, business, trade unions and the third sector in the UK, Germany, Spain, Italy, Hungary, Estonia and Norway.

Our research identifies three main types of work and welfare ecosystems: synergistic, laggard and fragmented. These ecosystems radically shape, albeit in very different ways, the ongoing digital transformation of work and public services in each of these countries—and the inclusive or exclusionary effects on people’s ability to participate in the economy and to access support when they need it.

Why policymakers should focus on the ecosystem
The concept of a digital work and welfare ecosystem provides a tool to better understand the digital transformation of work and public services. Public service delivery routinely involves non-Government actors. At the same time, jobs in the platform economy present new challenges for social protection systems. The metaphor of an ecosystem helps to identify new and emerging interdependencies between the triad of actors, government, business and community third sector organisations, including trade unions (Figure 1), involved in these digital transformations.

The ecosystem coordination process between actors examines how they interact with those outside their organisation to achieve their strategic goals. ‘Digital ecosystems’ refers to digitalisation of these coordination processes through ‘digital dialogues’, as well as which digital actors are involved in the process. This is a fundamentally different form of coordination from traditional organisations and markets as it requires an ongoing process of dialogue about the evolving digital architecture needed to deliver public services. This means navigating relationships between software providers, third sector organisations providing support and government departments.

Government actors are now dependent on digital connectivity infrastructure to develop and deliver their services. This requires working with technology businesses and providers to build the digital infrastructure and interfaces to access services and jobs. Service delivery is also more complex and requires working more closely with NGOs to help connect with digitally disconnected communities.

Figure 1: Interactions between state, business and community actors shape the emerging digital work and welfare ecosystem
Digital inequalities
Achieving “better outcomes for everyone” requires a recognition that the well-established indicators of poverty and inequality are highly correlated with digital poverty; the move to ‘digital by default’ might amplify these inequalities. Evidence also shows that the level and quality of household digital assets is closely tied to country or regional levels of digitalisation and public policies.

Current government policies to address digital exclusion often focus on issues of connectivity and digital assets, i.e. access to the hardware or the digital skills to use the software. However, we know that digital access and usage are divided across a number of intersectional dimensions related to gender, class, age, ethnicity, disability and region. Monitoring these impacts of digital exclusion is woefully poor across the EU, and marginally better in the UK (Verdin et al. 2023b).

Some third sector organisations and businesses are making innovative inroads to address these problems, but actions are often fragmented and poorly coordinated. Governments need a digital inclusion strategy to address these intersectional factors and the ways in which already marginalised groups may be further excluded.

From fragmentation to synergy in the UK
Our research highlights the need to focus on improving the ‘digital dialogues’ between business, government and third sector organisation in order to develop a more effective digital work and welfare ecosystem.

The challenges of building this new digital ecosystem are considerable. It relies on the effective coordination and synergies of key actors. It requires perceptive leadership, digital literacy and sustainable infrastructure at multiple levels to ensure effective dialogues about digital futures and inclusion.

Importantly, digitalisation of public service delivery must be connected to challenges arising from digitalisation of employment; platform jobs and the increasing platformisation of everyday jobs may increase the number of people falling outside of existing social protection systems or into poor quality work. Policymakers will need to ensure robust income maintenance policies for those with insufficient income from paid work and regulation of the labour market to address emerging gaps.

To effectively address these challenges, and achieve the goals laid out in the UK Government’s Digital and Data Strategy, policymakers must focus on developing a more robust, integrated and resilient digital ecosystem.

Policy recommendations
The digital transformation of work and welfare requires policies that encompass leadership, literacy, inclusion and inequalities:

1. Digital leadership at multiple levels needs to include better dialogue between policy makers, third sector organisations and business. This should be developed and embedded in future iterations of the Government’s roadmap for digital and data.

2. Digital literacy is now essential for everyday life. Policymakers should work with third sector organisations to identify ways to improve digital skills gaps, enabling access to public services and jobs.

3. A digital inclusion strategy is urgently needed. This would help coordinate work to bridge digital divisions and increase citizens’ abilities to connect to digitalised public service infrastructures.

4. The strategy should include research and monitoring of intersectional inequalities.
References


About the ESRC Digital Futures at Work Research Centre
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