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**COMMISSION STAFF WORKING DOCUMENT**

**EMPLOYMENT AND SOCIAL DEVELOPMENTS IN EUROPE 2021**  
**Chapter 4**

## CHAPTER 4

# Better together: managing the crisis and embracing structural change – the role of social dialogue

### 1. INTRODUCTION <sup>(1)</sup>

**The COVID-19 crisis has had a major impact on the world of work.** As outlined in earlier parts of the report, both the pandemic and subsequent responses to limit its spread and protect lives and livelihoods have had a major effect on the people's working routines. Economic activity declined sharply and workers were either prevented from working or had to change the way they work. The virus has affected different segments of the economy to a varying extent and intensity, with the so-called contact-intensive industries being hit more severely than others where business continuity could be ensured, due to enhanced use of remote working. At both EU and national level, social partners actively contributed to the debate on tackling the COVID-19 crisis. Further, social partners were involved in the planning and implementation of policies to mitigate socio-economic impact of the COVID-19 crisis and participated in the roll-out of short-time work schemes in Member States by providing input to their design and supporting public authorities during their implementation. At the EU level, social partners gave impetus to national and EU policy makers on urgently needed interventions. In Member States, such as Austria and Denmark, they effectively negotiated new agreements, updated older ones and set up or revised protocols to help protect workers.

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**Social dialogue voiced the concerns of workers and employers at a time of profound crisis, reinforcing its added value.** However, the speed with which measures had to be taken also meant that the involvement of social partners in many Member States was not fully ensured at the outset compared with non-crisis times. In those Member States where well-functioning national social dialogue institutions existed, the involvement of social partners in policymaking was secured.

**Social partners have a major role to play in the economic recovery and management of structural change.** At EU level, they have been advocating for a coordinated recovery across different policy fields. The pandemic has demonstrated that social partners can play an important role in quickly adapting workplaces to new demands. A well-functioning social dialogue can play an instrumental role in bringing about transition and structural change. This chapter first reviews working conditions throughout the pandemic. It then takes stock of the activities and reactions of EU and national social partners during its early stages of the pandemic (in 2020) and social partners' policy contribution. Thereafter, it highlights how social partners are accompanying the post-COVID-19 structural changes in the short and medium term. Finally, the chapter discusses the extent to which the emergencies generated by the crisis have furthered the need for strengthening social dialogue and how the latter needs to regularly reinvent itself in order to adapt to emerging needs.

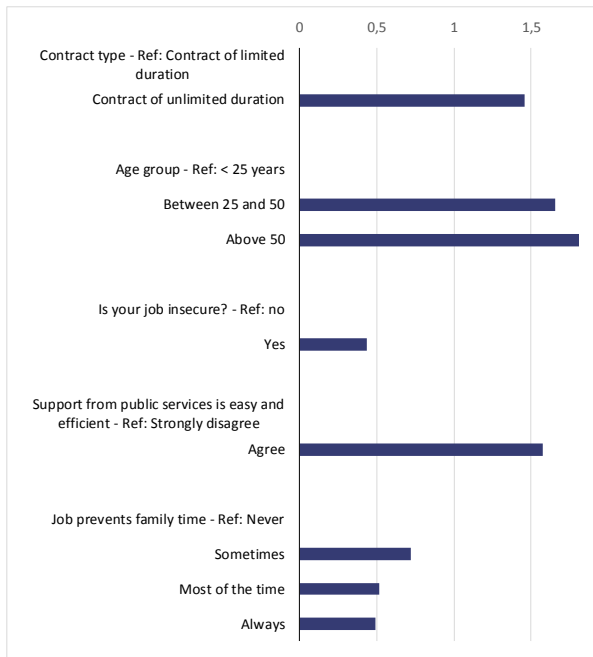
## 2. WORKING CONDITIONS DURING THE COVID-19 PANDEMIC

**Across all Member States and sectors, social dialogue (tripartite and bipartite) was at the forefront of contributing to the design and implementation of policies limiting the impact of the COVID-19 pandemic.** At the sectoral and company levels, social partners established new occupational health and safety (OSH) protocols or implemented safety-related training. At the national level, they supported public authorities in delivering financial and operational support to workers and companies across Europe <sup>(2)</sup>. The involvement of social partners was multifaceted in order to respond to a wide array of needs, and was quick and solutions-oriented. In several Member States, social partners backed public authorities in providing urgently needed support schemes. As *Chart 4.1* shows, receiving public support has improved how workers perceive their situation.

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<sup>(2)</sup> Section 3 will discuss social partners' involved in policy action in more detail.

Chart 4.1  
Subjective well-being and socioeconomic factors impacting it



Note: Subjective well-being has been assessed based on the question: Taking all things together on a scale of 1 to 10, how happy would you say you are? The chart is based on an ordered logistic regression and reports the odds ratios for reporting higher levels of happiness for the indicated categories against the reference categories (ref). Only statistically significant categories for the respective variables are indicated. Beyond these variables indicated in the chart, the regression takes the following into account: gender of respondents, the sector where they work, education level and self-reported health status. As a proxy for income, a variable describing whether the household was able to make ends meet was introduced.

Source: Own calculation based on Eurofound survey data: Living, working in COVID-19, July 2020.

[Click here to download chart.](#)

**Efforts to mitigate the immediate effects of the pandemic clearly impacted the well-being of workers<sup>(3)</sup>.** Public intervention by national governments, such as shop closures, was intended to limit the spread of the virus and safeguard healthcare systems from collapse. Two rounds of surveys, one in April and another in July, show that workers' well-being improved between April and July when the severity of the measures was decreased<sup>(4)</sup>.

**Workers with different socioeconomic backgrounds report different levels of well-being<sup>(5)</sup>.** Chart 4.1 shows the odds for reporting higher levels of well-being, for different groups of workers, characterised by different socioeconomic traits. The level of well-being is assessed based on the survey question on how happy the respondent feels. In Chart 4.1, values above 1 indicate that the workers with the reported characteristic are more likely to report higher levels of well-being, compared with the indicated reference group<sup>(6)</sup>.

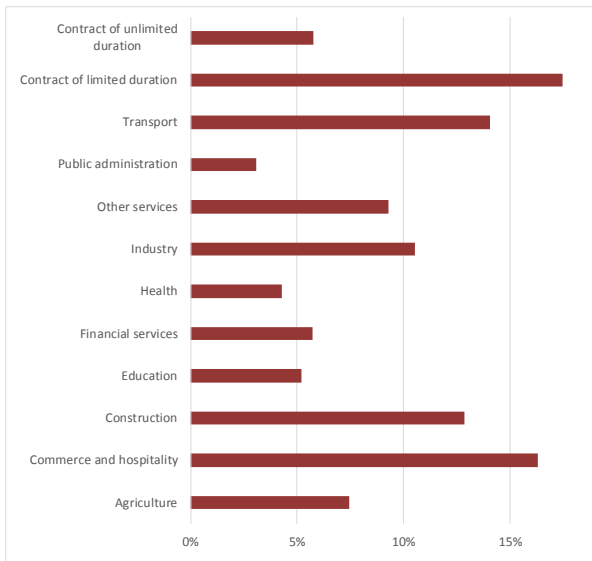
<sup>(3)</sup> In the following discussion, subjective well-being was assessed based on the question: Taking all things together on a scale of 1 to 10, how happy would you say you are?

<sup>(4)</sup> Eurofound survey: Living, working and COVID-19. The analysis is based on the second round of the survey, conducted in July 2020. See also Eurofound (2020).

<sup>(5)</sup> Based on the Eurofound Survey: Living, working and COVID-19, a logistic regression was conducted. Workers from transport, commerce and hospitality reply significantly lower levels of subjective well-being than workers from the public sector. Further to the variables indicated in Chart 4.1, the regressions take into account gender of respondents, the sector where they work, education level and self-reported health status. As a proxy for income, a variable describing whether the household was able to make ends meet was introduced. For the variable describing the ease with which support can be obtained, 4 answer options were available but only 'quite easily' was significant. All correlations are significant at the 5% level.

<sup>(6)</sup> In turn, values below one, indicate a lower likelihood of reporting higher levels of happiness.

Chart 4.2  
Perception of job insecurity varies across sectors and contract types



Note: The chart shows the percentage of respondent reporting that they think their job is at risk. The black bars shows responses from different sectors, whereas the last two bars show the responses from workers with contracts of limited and unlimited duration across sectors.

Source: Own calculation based on Eurofound survey data: Living, working in Covid-19, July 2020.

[Click here to download chart.](#)

**The stability of the employment relationship is positively correlated to subjective individual well-being.** During the pandemic, as in normal times, the well-being of workers is affected by many factors, economic security being one of them. According to *Chart 4.1*, workers on fixed-term contracts are more likely to support higher levels of well-being, compared with workers on contracts of limited duration. *Chart 4.2* shows that those workers on contracts of limited duration are more likely to report that their job is insecure as indicated by the blue bars in the chart. Hence, higher levels of well-being are related to job stability. Workers in the commerce and hospitality sectors appear particularly worried about their job situation <sup>(7)</sup>. Of the 6 million jobs lost in the second quarter of 2020 across the EU, half were in wholesale, retail trade, and transport and accommodation services <sup>(8)</sup>. In particular, retail trade, and food services, such as restaurants and bars are sectors that are characterised by a high personal contact intensity or lack of potential for telework. Hence, these sectors were more vulnerable to the negative impact of COVID-19 – and were also subject to containment measures and changing consumption behaviour.

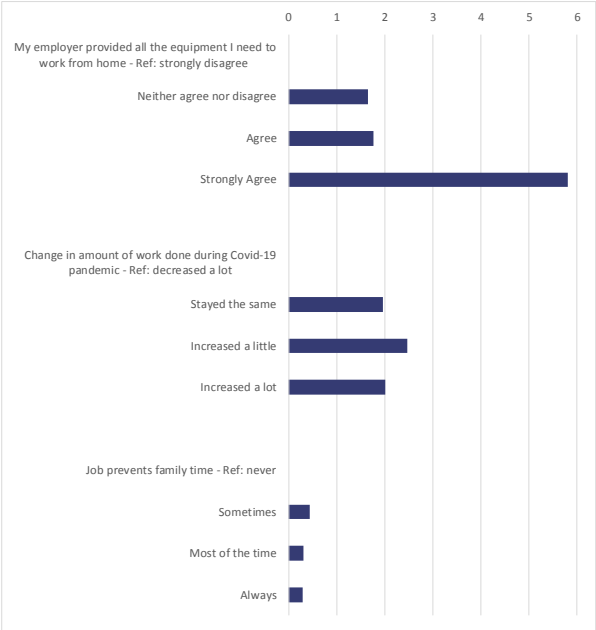
**Public and company initiatives to alleviate the burden on workers have improved their subjective well-being.** Workers who view public support during the pandemic as efficient, report a higher subjective well-being than workers who are less satisfied with the public support they have (or have not) received during the pandemic. Many workers have been performing their tasks from home during the pandemic, by relying on telework. Workers reporting that they have been provided with equipment by their employers to carry out tasks through telework are also more likely to report higher well-being (*Chart 4.3*).

<sup>(7)</sup> The data do not allow differentiation between subbranches in commerce and between commerce and hospitality. Yet, the observations confirm findings from other studies about the hospitality and retail sector.

<sup>(8)</sup> European Commission (2020a).

**The pandemic has triggered a trend towards more telework.** Even without any restrictions resulting from COVID-19, about 72% of workers indicate that they would still prefer to work from home when asked about their preferences <sup>(9)</sup>. Employers that provide appropriate equipment to work from home improve the teleworking experience for workers. The first part of *Chart 4.3* highlights that those reporting that their employer provided appropriate home-working equipment are significantly more likely to be satisfied about telework. The second part of *Chart 4.3* shows that those who report that their workload has increased during the pandemic (March to June 2020) are also more likely to have enjoyed teleworking. On the other hand, workers report a bad teleworking experience when work-life balance becomes destabilised. The third part of *Chart 4.3* shows that where available time to spend with family is limited due to workload, telework is perceived as unsatisfactory. Gender, education or age do not appear to play a role in the overall levels of satisfaction <sup>(10)</sup>.

Chart 4.3  
Factors impacting satisfaction with telework



Note: The chart shows the odds ratios for reporting higher levels of satisfaction for the indicated categories versus the reference category. The chart is based on an ordered logistic regression. The chart only reports statistically significant categories. In addition to the factors reported in the chart, sector of employment and whether the employer provided equipment necessary for teleworking.

Source: Own calculation based on Eurofound survey data: Living, working in Covid-19, July 2020.

[Click here to download chart.](#)

**Older workers are more likely to report higher levels of well-being.** Generally, older worker cohorts, overall workers between 25 and 50 years of age and those older than 50, are more likely to report higher subjective well-being than those aged below 25 <sup>(11)</sup>. This could reflect the fact that younger cohorts are more affected by the pandemic and the resulting socioeconomic impact is higher on younger cohorts. Young workers are also more likely to be over-represented in sectors impacted

<sup>(9)</sup> Living, working and COVID-19 survey Question D2165\_01, cumulative proportion of respondents who report that they would work from home (i) at least once a week, (ii) once a month or (iii) daily.

<sup>(10)</sup> For the distribution of workers in different categories based on the ‘technical teleworkability’ of different occupations see Chapter 2, sections 3.2 and 3.3., which also discuss the positive effect of teleworkability on the evolution of employment, thereby providing one potential explanation for the high degree of satisfaction with teleworking. For a discussion of the effects of the degree of digitalisation on the resilience of the economies of European NUTS2 regions to the impacts of COVID-19 see Chapter 3, section 3.4; for a discussion of the variation in digitalisation across the EU’s NUTS2 regions and its correlation with economic output see Chapter 3, section 3.5.

<sup>(11)</sup> The differences between age groups are statistically significant across sector and contract types, and are independent of gender.

more severely by social distancing measures and temporary business closures, or are more likely to be in temporary employment <sup>(12)</sup>. In addition, older workers are less likely to have family.

### 3. THE OUTBREAK OF COVID-19 AND THE ROLE OF SOCIAL PARTNERS IN ADAPTING TO THE SITUATION

**The impact of the COVID-19 crisis on the EU labour market has been immediate, with many jobs temporarily lost and a profound change in working and living conditions.** Across many Member States, social partners have accompanied governments in their quest to maintain employment and safeguard social standards. In some Member States, the initial speed with which national governments had to react, put tripartite social dialogue systems to the test. Particularly in the in the early stages of the pandemic (until mid-2020) tripartite social dialogue was under pressure in many Member States and collective bargaining was generally disrupted. In the second half of 2020, tripartite social dialogue improved and stabilised, and collective wage bargaining resumed, also to address working conditions for in-situ and remote working. In some Member States, such as Italy and Spain, national social partners negotiated new collective agreements to regulate new work environments, such as remote work, or health and safety protocols in the workplace. At the company level, unions and management often negotiated support packages for workers, and agreed on the modalities for ensuring business continuity. <sup>(13)</sup> Preventing social hardship refers to measures such as those relating to access to healthcare or provision of in-kind services, such as food vouchers. *Chart 4.4* shows the respective proportions of public measures on which social partners have negotiated and agreed; have been consulted and involved in negotiations; have been informed; or have not been involved at all. The chart is based on a sample of 794 policies across all Member States.

**Social partners at various levels have been involved in policy measures to mitigate the socioeconomic impact of COVID-19.** *Chart 4.4* shows that social partners have jointly been involved in policies relating to different aspects of the pandemic. They have mainly been involved in the design and implementation of income protection schemes for workers, as shown by the first bar, and active labour market policies, as shown by the second bar. Income protection refers to different public measures to protect the incomes of workers beyond short-time work schemes. In many Member States, social partners were particularly involved in the design and administration of short-time work schemes. These will be reviewed in more detail in Section 3.3. In *Chart 4.4*, workers' protection refers to measures to protect the health and safety of workers against COVID-19, including teleworking arrangements. Business support measures relate to access to finance for businesses, to reorientation of business activities, or to deferral of payments or liabilities.

**In the wake of the outbreak of the COVID-19 pandemic, European social partners were quick to adopt a large number of positions.** These have covered both joint texts between unions and employer organisations and unilateral texts. Initially, social partners called for urgent, large-scale and coordinated action at all levels and across all policy areas to mitigate impacts <sup>(14)</sup>. Health and safety issues pre-occupied national and EU-level social partners alike. The EU social partners called on public authorities to declare specific services as essential, to ensure that these occupations could

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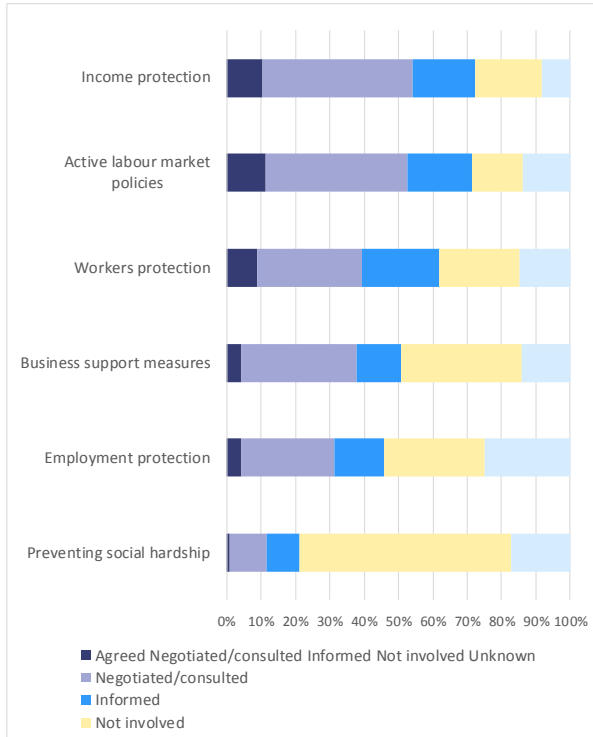
<sup>(12)</sup> European Commission (2020a).

<sup>(13)</sup> Short-time work schemes on the other hand are agreed at the national policy level (often with involvement of trade unions) but formal company level agreements between social partners to activate these are only needed in a few countries.

<sup>(14)</sup> At the EU level, sectoral social dialogue as well as at the cross-industry level.

continue their work (i.e. workers in the food and drinks industry, workers in protective services, transport workers, etc.). Section 3.1 reviews different positions and guidelines that the EU social partners adopted.

Chart 4.4  
Social partners' involvement in designing legislation or other statutory regulations and tripartite agreements.



Note: Date of extraction 29 March 2021. Number of cases included: 794. Average of employer's organisations and trade union involvement.

Source: COVID-19 EU PolicyWatch Database

[Click here to download chart.](#)

### 3.1. EU social dialogue to tackle the immediate consequence of COVID-19

**The early actions of the social partners following the outbreak of COVID-19 were geared towards addressing fundamental working needs.** Since the outbreak in March 2020, EU social partners have adopted many positions – approximately 80 in total <sup>(15)</sup>. These included joint positions, which were supported by employers and workers. EU social partners developed and implemented guidelines and protocols on the health and safety of workers across many sectors. Furthermore, they adopted positions addressing the issue of freedom of movement for workers and highlighted the need for public support to keep businesses afloat.

**A central issue from the outset of the COVID-19 crisis was OSH.** EU social partners in the shipbuilding sector, for example, advocated that to protect the health and safety of workers, specific new OSH measures had to be implemented as a priority. The conditions and the very nature of work in small spaces inside vessels made the implementation of OSH measures a challenge. In July 2020, EU social partners from the chemical industry (IndustriAll and the European Chemical Employers Group (ECEG), issued joint recommendations on improving and maintaining health and safety in the

<sup>(15)</sup> A collection of social partner positions can be accessed here : <https://ec.europa.eu/social/main.jsp?catId=521&langId=en> (last access: 16.02.2021)



workplace of the chemical, pharmaceutical, plastic and rubber industries <sup>(16)</sup>. Social partners highlighted the need for an assessment of general COVID-19-related risks. Aside from emphasising the importance of providing adequate information and training on how to avoid COVID-19 related risks, IndustriALL and ECEG Europe encouraged their members to jointly examine possible chemical hazards resulting from increased use of cleaning and disinfectant agents, and whether COVID-19 has led to other health and psychosocial risks, for instance resulting from forced telework.

**Social partners are committed to safeguarding health and safety at work to maintain business**

**continuity.** EU social partners from the professional football sector highlighted that the rescheduling of matches and amendments to competition formats create health and performance challenges for players. Considerations include an increased burden on health and well-being when travelling internationally to countries with higher health and safety risks. In professional football, clubs and player unions through their representative bodies – the European Club Association (ECA), European Leagues and the International Federation of Professional Footballers (FIFPRO) – have developed international guidelines on players’ health under the ‘emergency international match calendar 2020-23’ as a response to the COVID-19 pandemic. The guidelines are part of collective efforts aiming to help manage the impact of COVID-19 on the football industry and in particular on professional players, clubs, leagues and federations. OSH has also been a topic of focus for EU social partners from the education sector <sup>(17)</sup>. In a joint statement, EU social partners representing the personnel of educational institutions committed to providing adequate OSH protection for all educational staff. In their position paper, social partners highlight that schools, including staff themselves, may be seen as drivers of increased risk of infection. These somewhat biased societal perceptions may lead to discrimination against teaching staff in the educational sector. Social partners therefore committed to developing an appropriate strategy to reduce the potential of discrimination against educational personnel, seeking to minimise any psychosocial impact <sup>(18)</sup>. EU social partners from the food and drink industry adopted joint guidelines on promoting organisational health and safety in the workplace during the pandemic. Social partners highlighted best practices regarding hygiene rules and work structure management to minimise the potential for contagion with the virus <sup>(19)</sup>.

**The restriction of workers’ freedom of movement in some sectors resulted in severe complications, which EU social partners helped to resolve, thus ensuring business continuity.**

In the shipbuilding and agricultural sectors, social partners reported significant labour shortages as a result of mobility restrictions imposed due to COVID-19. In agriculture, farmers faced particular problems in obtaining seasonal workers to cover the peak in work during the harvesting season. In their joint declaration, EU agricultural sector social partners stipulated that seasonal workers would receive the necessary documentation from their employers, such as contracts, in order to fulfil national obligations when crossing borders. The declaration also lays out a basic framework to ensure the health and safety of workers. EU social partners in the aviation sector called for a coordinated approach to the

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<sup>(16)</sup> Joint recommendations on safe and healthy workplaces in the Chemical, Pharmaceutical, Plastics and Rubber Industries in times of COVID-19.

<sup>(17)</sup> ECA and FIFPRO - International guidelines on player health, August 2020.

<sup>(18)</sup> Joint ETUCE/EFEE statement on the impact of the COVID-19 crisis on sustainable education systems at times of crisis and beyond.

<sup>(19)</sup> <https://ec.europa.eu/social/main.jsp?catId=521&langId=en &agreementId=5645>

restrictions on the free movement of people in response to the COVID-19 pandemic <sup>(20)</sup>. Social partners called upon Member States to follow the Council recommendation of June 30 2020 to the greatest extent possible, concerning the temporary restriction on non-essential travel into the EU and the possible lifting of such restrictions. Ahead of an extraordinary meeting of the Member States' ministers for tourism, organised by the Portuguese Council Presidency on 1 March 2021, aviation and tourism sector stakeholders urged the Portuguese Presidency of the EU to channel its efforts into a coordinated approach to cross-border travel during the pandemic <sup>(21)</sup>. In the context of the COVID-19, the European Commission published guidelines both on the exercise of free movement and on seasonal workers, to give guidance on the legal situation of workers in cross border situations and highlight the relevant EU acquis <sup>(22)</sup>.

**Social partners were also early to highlight the consequences of the pandemic on economic growth.** Aside from immediate concerns about the health and safety of workers (immediately and in the medium-term), social partners across several sectors quickly called for fiscal measures to support the economy during the initial confinement and highlighted their support for the public recovery measures. In March and April 2020, cross-industry social partners highlighted the need for EU-level fiscal policy to underpin any impacts, including by building maximum flexibility into the Stability and Growth Pact, allowing flexibility around the implementation of State aid rules, and adapting EU investment funding and rules. Member States were urged to develop and implement specific measures to support businesses, notably small and medium-sized enterprises (SMEs), including by providing liquidity, credit lines and financial support, considering targeted reductions in VAT rates, and adapting social protection systems and employment rules, such as introduction of short-time work schemes. These demands were echoed by sectoral social partners; for instance the graphical industries highlighted that SMEs need to be supported to ensure sufficient flexibility in making necessary investments to adapt to the current situation <sup>(23)</sup>. Overall, European social partners were deeply concerned by the socioeconomic impact of the pandemic and advocated for specific interventions to address this.

### 3.2. National social dialogue in the immediate aftermath of the COVID-19 outbreak

**Public authorities had to react very quickly at the outset of the pandemic, and social partners were not always involved.** In the early stages of the pandemic, several governments consulted social partners on the measures to be taken to mitigate the crisis. In a number of Member States, such as Italy, Luxembourg, and France, amongst others, states of emergency were declared in the immediate aftermath. Given the speed at which governments had to take action, social partners in many Member States reported having simply been informed about government measures without having been properly consulted. Time pressure has been one of the main reasons indicated by governments when adopting measures, but this presented challenges to the established social dialogue structures.

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<sup>(20)</sup> Joint statement on the response to COVID-19, calling for a coordinated approach to the restrictions of free movement in response to the COVID-19 pandemic. Statement to the Council by Social Partners in the Civil Aviation Sectoral Social Dialogue Committee on the response to COVID-19 (21/09/2020).

<sup>(21)</sup> See open letter from stakeholders of the aviation and tourism sector: European aviation and tourism sectors requires a coordinated approach to cross-border travel - Open letter to the Portuguese EU presidency (24/02/2021).

<sup>(22)</sup> Communication from the Commission - Guidelines concerning the exercise of the free movement of workers during COVID-19 outbreak 2020/C 102 I/03 and Communication from the Commission – Guidelines on Seasonal Workers in the EU in the context of the COVID-19 outbreak.

<sup>(23)</sup> Joint Statement on the COVID-19 crisis by Uni-Europa and INTERGRAF, March 2020.

Nevertheless, in France, Luxembourg, Malta, Poland, Portugal and Slovakia, social partners reported that their involvement has improved over time <sup>(24)</sup>.

**Social dialogue presented workers and employers with a voice in the design and implementation of policy measures.** Social partners contributed to shaping these measures in line with the needs of the sectors have been involved at varying levels. In several Member States, social partners took concerted action together with governments. Tripartite agreements were reached in Austria, Bulgaria, Denmark, Germany, Ireland, Luxembourg, Malta, Portugal and Spain. Tripartite agreements covered a range of topics from employment retention and protection schemes to schemes supporting recovery. In Germany, an ad-hoc initiative by social partners to mitigate the economic impact on the railway sector resulted in a pact between the trade union of the railway workers EVG, the German railways (Deutsche Bahn), the employer organisation AGV Move, and the German Ministry of Transport. In view of declining passenger numbers as a result of the pandemic, the German Ministry of Transport agreed on additional efforts to raise financial support for the German railways. In turn, the German railways (DB) will not pay any bonuses to their management and will aim for further budgetary cuts at the management level.

**In some Member States, the pandemic provided an impetus to collective bargaining and social dialogue.** In Lithuania, national social partners have been actively involved in the discussion of public measures to tackle issues relating to the pandemic. The Tripartite Council of the Republic of Lithuania has been an important platform to this end, and the number of meetings of the Council has been higher than in the previous two years. In Denmark, many policies have been decided based on ad-hoc tripartite negotiations. In Finland, the pandemic had no major impact on collective bargaining as the 2019-2020 round had been successfully concluded before the outbreak of the pandemic <sup>(25)</sup>. Social partners were able to agree on measures increasing flexibility in the labour market to adapt to the situation. At sectoral level, collective agreements have been temporarily changed in line with relevant temporary legislative amendments.

**Social partners took joint action at both the bipartite level and company level.** The works council and management of Austrian Airlines, for example, reached an agreement on wage waivers in order to reduce labour costs. COVID-19 hit the airline sector particularly hard. The parties involved at Austrian Airlines negotiated a reduction of EUR 300 million in staff costs over the period 2020 to 2024. The agreement included waivers of up to 15% for ground staff and up to 12.7% for flight staff (pilots and flight attendants), covering about 7000 employees. Several national social partners negotiated collective agreements relating to working time, leave, and health and safety at work. Many of the identified collective agreements were concluded in France <sup>(26)</sup>, followed by, among others, Germany, Italy and Austria. In Sweden, several schemes on short-time work and working time were implemented through collective agreements.

**Social partners took initiatives to protect jobs, incomes and health and safety.** Social partners concluded bipartite agreements and have been involved in tripartite arrangements. In Finland, sectoral level organisations proposed 16 policy measures designed to avoid job losses and support workers by increasing flexibility of labour legislation and adapting social security. Most of these

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<sup>(24)</sup> Eurofound (2021 a).

<sup>(25)</sup> Eurofound (2021), [Finland]: Working life in the pandemic 2020. Eurofound working paper, Dublin.

<sup>(26)</sup> Until 16.02.2021, Eurofound Policywatch database identified 98 collective agreements, the majority of which were concluded in France.

measures have been adopted by the government. In Italy, social partners reached agreements in March 2020 on protocols for safe working conditions and on wage subsidies. These agreements were subsequently implemented at company level, after being adapted to local needs. In Belgium, social partners, supported by the government, agreed on guidelines on OSH, to ensure the protection of workers' health and safety at the time of the first economic reopening. Joint committees also provide sectoral guideline documents. Road transport sector social partners in France created a good practice handbook to prevent the spread of the virus, adopted by the ministries of transport and labour. Social partners, together with the government, also reached tripartite agreements. In Denmark, social partners and the government signed the 'Tripartite agreement on wage compensation in the private sector'. In France, trade unions were involved in the healthcare reform process and partial agreements were reached concerning a budget increase to increase staffing levels of healthcare institutions and nursing homes in public hospitals <sup>(27)</sup>. Spanish social partners and the government reached two tripartite agreements: the first concerning unemployed protection, the second on economic recovery <sup>(28)</sup>.

**Social partners also provided information, advice and support to governments and workers.** In some countries, social partners helped improve the functioning of actual policies, providing information and feedback used by public authorities to modify their measures. For instance, in Ireland social partners identified and addressed inconsistencies in eligibility criteria for the wage subsidy scheme, which initially excluded women on maternity leave <sup>(29)</sup>. In Estonia and Sweden, where social partners manage unemployed insurance funds, they contributed to adjusting regulations on income assurance to better align with local needs. In Italy, social partners were crucial in implementing safe working conditions protocols <sup>(30)</sup>, having taken part in sectoral and regional committees mandated with monitoring compliance and respective consultations required at the workplace level <sup>(31)</sup>.

### 3.3. Social partners and their involvement in the administration of short-time work schemes <sup>(32)</sup>

**Short-time work schemes have been implemented in several Member States, in response to the impact of COVID-19 on the economy.** With the help of the instrument for temporary support to mitigate unemployment risks in an emergency (SURE), the European Union has made available EUR 94.3 billion to 19 Member States, to whom EUR 75.5 billion had already been disbursed. Short-time work schemes existed prior to the pandemic in some Member States but have been newly implemented in several others. Belgium, France, and Austria for example, have well-established short-time work schemes that firms regularly use. Other Member States, such as Denmark, Ireland and the Netherlands, complemented pre-existing partial unemployment benefit systems with new temporary wage subsidy schemes. In Greece and Lithuania for example, social partners were instrumental in the introduction of emergency measures in the context of short-time work schemes to prevent layoffs <sup>(33)</sup>.

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<sup>(27)</sup> For a more detailed overview over these examples, see Eurofound (2021 a).

<sup>(28)</sup> See case ES-2020-20/880 & case ES-2020-27/934 EU PolicyWatch, - COVID-19 EU PolicyWatch.

<sup>(29)</sup> See case IE-2020-13/777 – COVID-19 EU PolicyWatch.

<sup>(30)</sup> IT-2020-11/457 – COVID-19 EU, Policywatch.

<sup>(31)</sup> See Eurofound (2021 a), p. 17.

<sup>(32)</sup> This section was contributed by Tina Weber.

<sup>(33)</sup> See European Commission (2020 a): and Mosley (2021).

**The role of social partners in the design of national short-time work policies varied significantly in terms of scale, timing, quality and impact.** For instance, some Member States, such as Austria and Denmark, pursued more traditional approaches to social partner involvement, using established channels and contacts. Others, such as Czechia and France, initially made less use of trade union and employers’ organisations, only involving these to a greater extent during the legislative drafting process. As demonstrated in the table below, a medium to high level of involvement of social partners was observed in 16 Member States, whereas in three it was assessed as low. The COVID-19 crisis was referenced by six Member States as a reason for initially not involving trade union and employers’ organisations, whereas in two there was no involvement throughout the process.

Table 4.1  
Level of involvement of social partners in the design and management of short-time working and temporary unemployment schemes.

High	Medium	Low	None at the beginning, then improving	None
AT, BE, DK, EE, ES, FI, IE, LU, MT, NL, SE	BG, CY, DE, LV, PT	HR, HU, RO	CZ, EL, FR, IT, LT, SI	PL, SK

Note: High: social partners either worked on a bipartite level to develop policy proposals implemented through collective bargaining or discussed and taken on board by governments; high level of involvement and influence in tripartite structures shaping the COVID-19 response such as in Public Employment Services or Unemployment Insurance Funds; Medium: Level of involvement of social partners in decision making was significant during all phases of the pandemic whether through formal bodies or informal consultations, but main initiative came from the government side.

Source: Eurofound (2021b)  
Click here to download table.

**In approximately half of the Member States surveyed, the extent of social partner involvement in policymaking was in line with established traditions and processes<sup>(34)</sup>.** The Member States that involve social partners tend to have well-developed systems of industrial democracy placing strong emphasis on social dialogue<sup>(35)</sup>. For example, a high level of involvement is consistent with traditional bipartite and tripartite processes of policymaking in the Nordic countries, as well as in Austria, Belgium and the Netherlands. Low levels of social partner involvement remain more commonplace in some Central and Eastern European countries including Hungary, Poland and Romania.

**In at least two Member States, the pandemic provided a catalyst for closer collaboration with social partners in strengthening employment security and providing a living wage.** In Malta, following an appeal before the Maltese Council for Social and Economic Development by social partners, the ‘COVID-19 wage supplement scheme’ was established. In Ireland, where bipartite and tripartite social dialogue at peak level largely became dysfunctional in the years following the 2008 financial crisis, employers’ organisations and trade unions shared similar views on requisite actions. Both employers and trade unions considered the country to be an ‘outlier’ in the EU due to the

<sup>(34)</sup> Eurofound (2021b).  
<sup>(35)</sup> Eurofound (2020).

absence of a short-time working scheme. Despite some earlier reservations, both welcomed the government's introduction of the temporary wage subsidy scheme.

**Established social dialogue structures eased the involvement of social partners.** This has been particularly true where decisions had to be taken quickly. The urgency of taking action and the added value of long-established channels of communication in a situation where normal methods of interaction had become limited is perhaps most clearly exemplified by Austria. Here, amendments to the country's existing short-time working scheme were negotiated and agreed among social partners in a bipartite meeting. These amendments were then presented to the government for legal backing in a further meeting on the same day. Well-functioning tripartite structures within bodies responsible for administering short-time working or similar schemes also proved particularly helpful in ensuring rapid implementation, as it is the case in the Austrian and German Public Employment Services or the Estonian Unemployment Insurance Fund. In Spain, existing bipartite social dialogue structures allowed social partners to align to take rapid actions: as early as 11 March 2020, a joint statement was issued calling for the use of short-time work schemes along with the extension of unemployment benefit measures. This commonality of interests was also evident in the response of Cypriot social partners. Similarly in Latvia, social partners used their involvement in tripartite decision-making bodies to support the introduction of short-time working measures.

**The pressing need for action led, in some Member States, to an exclusion of social partners from policymaking, notably in the early phases of the pandemic.** This included some countries where tripartite concertation is usually rather strong, including in France and Czechia. Here, social partners did not participate in setting up the first antivirus programme, but later became involved in the revision of the scheme, as well as in calls for the design of a more permanent short-time work measures. Similarly, in France and Romania, social partners argued that when the crisis started, the government largely confronted them with finalised policy, which informed rather than consulted. In subsequent weeks and months, feedback provided by employers to Mouvement des entreprises de France (MEDEF) and different trade union organisations contributed to amendments to iron out gaps and unintended consequences that had emerged in the application of the short-time work schemes. This also reflects the evolution of measures in Italy, which were initially passed in the form of emergency measures without the usual consultation.

**The involvement of social partners allowed the building of consensus on urgently needed policy interventions.** At the national level, social partners have been involved in measures to ensure the health and safety of workers at company level. In most Member States the involvement of social partners was particularly pronounced in employment protection and employment retention measures. Social dialogue can have a strong added value in times of crisis. The experience of the pandemic demonstrates the value of strong tripartite dialogue and the ongoing need for greater capacity building in some Member States, but also the opportunities and risks for established structures in an emergency situation. The high level of amendments implemented on short-time working and similar schemes following their initial design is a reflection of the need for strong stakeholder involvement from the outset to avoid unintended gaps or disincentive effects <sup>(36)</sup>.

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<sup>(36)</sup> Eurofound (2021a).

## 4. THE ROLE OF SOCIAL PARTNERS IN EMBRACING STRUCTURAL CHANGE

**The COVID-19 crisis has accelerated technological trends, which are expected to support the economic recovery.** Within a few weeks of the COVID-19 outbreak, lockdowns catalysed the adoption of digital solutions at an unprecedented pace. In many sectors, telework enabled companies to remain operational, while keeping their workers protected from the virus. Digitalisation will change not only the way of working, but also the structural demand for skills. Beyond digitalisation, environmental and social sustainability will be at the heart of the COVID-19 recovery<sup>(37)</sup>. In order to achieve a just transition towards a greener and more digital economy, European labour markets will have to adapt. In this context, upskilling and re-skilling of the labour force will play a central role in meeting the labour demand of expanding sectors, improving and maintaining competitiveness, and avoiding skills mismatches<sup>(38)</sup>.

**Social partners can play a significant role in driving economic sustainability and assisting structural transitions.** Acting as an exchange forum to discuss matters of industrial relations and beyond, social partners can provide information to policymakers for tailoring policy interventions to market needs. Social partners' views on the recovery and the imminent transitions reflect the need for structural adaptation. Before highlighting the role that social partners play in the economic and social recovery through accommodating structural changes, the following subsection will provide an overview of EU sectoral level social partners' views on the post-COVID-19 era, and how the recovery should be shaped<sup>(39)</sup>. Subsection 4.2 will highlight the role of social dialogue in adapting the skill sets of workers needed in the light of structural transitions. Subsection 4.3 will focus on how social partners are involved in a particular emerging structural trend: telework.

### 4.1. The world after COVID-19: the views of social partners

**The post COVID-19 recovery must embrace digitalisation.** EU social partners from the electricity sector committed to a framework of actions to spearhead a range of activities on digitalisation. This framework has gained importance in the light of the economic effects of the pandemic, which have underlined the importance of teleworking and related digital spaces. In this context, social partners have emphasised that a digital transition needs to be socially responsible. Labour market entrants must be equipped with the right skill set. Social partners aim to develop strategies to prevent psychosocial risks in the workplace that could significantly affect workers and organisations, in line with the Working Time Directive, national legislation, and collective agreements. They highlight the importance of recognising the right to disconnect and remain committed to safeguarding working time arrangements and well-being at work. Furthermore, social partners from the electricity sector exchange best national practices on the usage of worker related data, and join forces to provide national affiliates with indicative guidelines for the use of such data<sup>(40)</sup>.

**Social dialogue can play an accommodating role in adopting digitalisation.** Social partners from the metal industry, which includes sectors such as the automotive industry, are concerned about the impact of digitalisation. In their joint positions paper, IndustriAll and Ceemet highlight that COVID-19

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<sup>(37)</sup> See European Commission (2020 b).

<sup>(38)</sup> See European Commission (2020 a).

<sup>(39)</sup> At the EU level, social dialogue is dealt with in 43 sectors, and both the Social Dialogue Committee and the Tripartite Social Summit gather cross-industry social partners.

<sup>(40)</sup> Framework of action 'Digitalisation at the heart of social partners' commitment to keep the lights on' by EPSU, IndustriAll and Eurelectric.

marks the tipping point in dissemination of technology and that social partners will have a key role to play in accommodating technological developments in the industry. In its communication on updating the 2020 New Industrial Strategy for the EU, published in May 2021, the European Commission defines the drivers for the European industrial policy: climate neutrality, digital leadership and global competitiveness. Its aim is to support European industry to lead the twin transitions (green and digital), safeguard European competitiveness and achieve strategic autonomy. In its updated strategy, the Commission also highlights the co-stakeholder role of social partners in designing and creating solutions in industrial eco-systems. These social partners advocate for increased flexibility, due to telework and the need for worker skillset adaptation <sup>(41)</sup>. Overall, social partners are adapting to digitalisation and aim to make sure that workers and companies are empowered and can profit from the new developments. Yet there are still some challenges linked to digitalisation, which will be further examined in Section 5.2.

**Social partners stress the need for a socially and environmentally sustainable economic recovery.**

In May 2020, EU social partners from the metal industry, bringing together those representing motor trade and repair businesses and dealerships, concluded a joint statement highlighting the need for a recovery plan <sup>(42)</sup>. They called for an industrial recovery plan, to bring the industry back on track by stimulating sales and reviving production, and to support the industry in its journey towards a carbon-neutral future <sup>(43)</sup>. EU-level social partners from the shipbuilding sector called for renewed efforts from all EU stakeholders to develop an updated industrial strategy that includes: access to finance for European shipbuilders, promoting fair global competition, investments in Research and Development and new markets, and the quality of employment, training opportunities and skills. The Commission aims to ensure that EU businesses remain fit to achieve their ambitions and cope with increasing global competition, whilst safeguarding quality jobs. In its communication on a new industrial strategy for Europe <sup>(44)</sup>, the Commission lays out its vision for the EU's industrial policy. The communication calls for several policy actions to enhance certainty in the single market, promote innovation and strengthen workers' skills.

**A sustainable economic and social recovery requires broad consensus.** Employers and workers should be involved at an early stage in the policymaking process. In July 2020, Spanish high-ranking social partners, together with the government, reached a tripartite agreement on economic reactivation and employment. In this agreement, the government, together with the national employer organisation CEOE (which has the broadest representation) and the national trade union confederations UGT (Unión General de Trabajadores) and CCOO (Comisiones Obreras) built a tripartite consensus on the requisite recovery measures. The agreement sets out 12 areas where social partners and the government will negotiate future agreements. These areas notably encompass employment retention, social protection, telework, training and employability. The social

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<sup>(41)</sup> Joint position by IndustriAll and Ceemed on the impact of digitalisation on the world of work in the MET industries.

<sup>(42)</sup> Joint statement of IndustriAll Europe, Ceemet, ACEA, CLEPA, CECRA and ETRMA on a call for an ambitious recovery plan for the automotive sector. European Automobile Manufacturers' Association (ACEA), the European federation bringing together national professional associations which represent the interest of motor trade and repair businesses and European Dealer Councils (CECRA), European Association of Automotive Suppliers (CLEPA), European Tyre & Rubber Manufacturers Association (ETRMA), metal, engineering and technology-based industry employers (CEEMET).

<sup>(43)</sup> Joint statement of IndustriAll Europe, Ceemet, ACEA, CLEPA, CECRA and ETRMA on a call for an ambitious recovery plan for the automotive sector

<sup>(44)</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-industrial-strategy\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-industrial-strategy_en)



partners involved view this agreement as a conduit to broader political consensus on necessary measures <sup>(45)</sup>.

**At EU level, social partners from multiple sectors contributed concrete proposals to drive a fair economic recovery.** In November 2020, social partners from the hospitality sector published a joint position, highlighting the importance of the EU recovery plan and its early deployment. Furthermore, they asked for an extension of all emergency measures and recommended that businesses implement the guidance on health and safety put forward by European Union Agency for Safety and Health at work (EU-OSHA) and other international organisations. EU social partners from the road transport sector issued a joint call for efficient enforcement of existing legislation in the aftermath of the COVID-19 pandemic <sup>(46)</sup>. The signatories notably stressed that exemptions from driving and rest time rules and the expiration of control documents, such as driving licences and certificates of professional competence (CPCs), should only be granted under exceptional circumstances. Public authorities need to ensure compliance with current rules, as this is essential for the proper functioning of the road transport industry, ensuring road safety and a level-playing field for all market stakeholders. In a joint statement in April 2020, EU social partners in the temporary agency sector called upon national governments and national social partners to develop new ways of working, learning and social protection, as social innovation can be an important driver of economic recovery and the return to inclusive growth. They also requested that policymakers speed up reforms to ensure effective access to skilling and social protection across diverse forms of work. Social partners from the hospitality and steel sectors highlighted the importance of a timely deployment of the EU Recovery and Resilience Funds (RRF) <sup>(47)</sup>.

#### 4.2. Evidence of social partners embracing structural change

**Social dialogue is a key principle of the European Pillar of Social Rights.** In the aftermath of the COVID-19-crisis, Member States will face new challenges and an intensified need for structural reforms. Structural changes are key, because they can lead to productivity gains and increase competitiveness and employment <sup>(48)</sup>. Against this background, the European Pillar of Social Rights action plan, adopted in March 2021, envisages the full implementation of the 20 principles enshrined in the Pillar and will effectively contribute to an inclusive economic recovery. Together with EU and national authorities, employers' organisations, trade unions and other stakeholders will play an active role in the implementation of the European Pillar of Social Rights <sup>(49)</sup>. Social partners at company level are a key stakeholders in national training systems. Skills and productivity go hand-in-hand and a well-functioning social dialogue can enhance skills acquisition. This role is important, considering the reported need for up-skilling.

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<sup>(45)</sup> ES-2020-27/934 COVID-19 EU PolicyWatch.

<sup>(46)</sup> The International Road Transport Union (IRU) and the European Transport Workers' Federation (ETF), together with CORTE, ECR, and ROADPOL. <https://www.iru.org/system/files/Joint%20Statement%20IRU%20CORTE%20ECR%20ETF%20ROADPOL.PDF>

<sup>(47)</sup> Cantner, & Krüger, (2020).

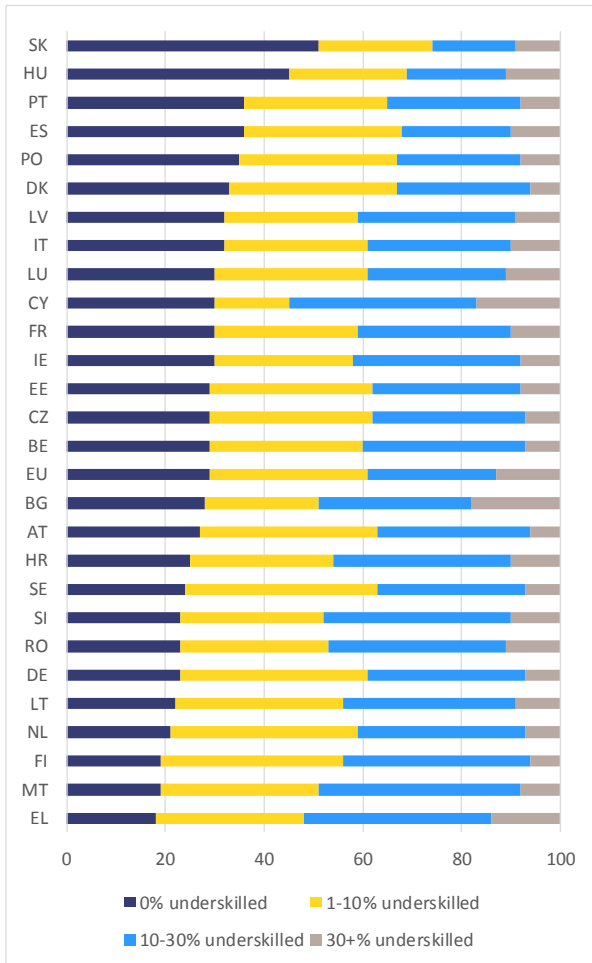
<sup>(48)</sup> Cantner and Krueger (2008).

<sup>(49)</sup> [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_21\\_821](https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_821)

Chart 4.5

The share of companies with no underskilled workers range from one fifth to half across EU

Share of underskilled workers reported by companies, by country.



Source: Own calculation based on European Company Survey 2019

[Click here to download chart.](#)

**A skilled labour force will play a key role in the recovery, but only three out of ten companies in Europe do not report employing underskilled workers.** The EU is determined to tackle challenges related to digitalisation and environmental sustainability alongside the economic recovery. To fully reap the benefits of the digital transition and to adopt new methods for more sustainable production, a skilled labour force is necessary <sup>(50)</sup>. However, the majority of company management representatives indicate that their employees are in need of training (see *Chart 4.5*). One third of EU companies report that around one tenth of their employees are underskilled, <sup>(51)</sup> and one quarter of the companies report between 10 and 30 %. This need for skills is reported similarly across sectors <sup>(52)</sup>. However, there are marked variations across companies of different sizes. Only 11 % of big companies report no under-skilled workers, with exactly half of them reporting a share between 1 and 10 %, and one third a share between 10 and 30 %. Strikingly, in all Member States, large companies are more likely to report having under-skilled workers, and are more likely to report a

<sup>(50)</sup> Communication from the Commission on an Annual Sustainable Growth Strategy – COM(2020) 575 final.

<sup>(51)</sup> Share of underskilled according to respondents of ECS (2019) survey (owner/managers/Human Resources managers, training managers of finance/accounting managers). ECS question: What percentage of employees have a lower level of skills than is needed for the job?

<sup>(52)</sup> The breakdown used was: construction, production, and services to maintain large samples at sectoral level.

share between 1 and 10 % of underskilled workers <sup>(53)</sup>. This may also reflect different capacities of conducting skills assessment between large and small companies, which tend to rely more on informal and non-formal training. <sup>(54)</sup> These figures suggest an important need for upskilling and reskilling of the labour force – a need which becomes more urgent in light of ongoing rapid technological developments. Social partners can play an important role in this process and thereby shape and support the recovery.

**In Member States with a well-functioning social dialogue, social partners support labour market coordination.** Active labour market and social policies, combined with coordinated collective bargaining can be conducive to higher productivity. High investment in skills, together with the coordinating function of social partners, tends to improve training and to reduce skills mismatches. In turn, this positively impacts productivity. This also holds at the company level, where the presence of trade unions appears to positively impact the matching of skills with the required tasks. Overqualification tends to be impacted by different issues – for example migrant and EU mobile workers tend to be overqualified more often than workers born in the country where they work. Overqualification of the highly educated tends to be higher for younger workers. Generally, in Member States where labour market institutions, including social dialogue, play an important role, the share of overqualified workers tend to be lower <sup>(55)</sup>.

**The involvement of trade unions increases the likelihood that workers will receive appropriate training.** Often, those workers that are most in need of training are less likely to have access to it. Lower-skilled workers in smaller companies are less likely to receive training and are less likely to participate in lifelong learning. Worker representation at company level tends to improve their training prospects <sup>(56)</sup>. The involvement of social partners generally increases the likelihood that workers will enrol in schemes.

**The provision of training and including workers in company decision-making are positively related to innovation.** Based on the 2019 wave of the European Company Survey, *Chart 4.6* shows the factors correlated with the introduction in companies of new or significantly changed products, services, or processes, either for producing goods or supplying services (covering the 2016-2019 period). The direct involvement of employees in both the organisation and efficiency of the work processes, and in the training and skills development, is positively associated with marked improvements in the development of new products and services. The same chart shows that with the increasing engagement of staff members, firms are more likely to have introduced innovative products or work processes. There are two possible explanations for this. First, employees can facilitate collaboration between different units of production and stimulate knowledge sharing. Second, employees who take part in exchanges in a stimulating environment, together with sufficient training possibilities, are more likely to absorb new ideas and thereby increase innovative capacity of companies <sup>(57)</sup>.

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<sup>(53)</sup> In Estonia, Ireland, Cyprus, Latvia, Luxembourg, Malta, Portugal, Slovenia and Sweden the number of large companies included in the survey was too small to be reliable. Apart from Sweden, in all countries large companies are also less likely to report a share of under-skilled workers beyond 30%.

<sup>(54)</sup> See, Cedefop, 2015; Stone, 2012.

<sup>(55)</sup> See Rieff and Peschner (2020) for a more detailed discussion.

<sup>(56)</sup> See European Commission (2019).

<sup>(57)</sup> While the above discussion is based on mere correlations, Rangus, & Slavec, (2017) find more empirical evidence for this relationship.

**Worker engagement must go hand in hand with training and the adoption of technological development.** A high engagement of firms with workers tends to increase the likelihood of the firms' innovation – more so than the use of robots or data analytics in production processes or service delivery. Of course, employee engagement is only one supporting factor for innovation. The provision of continuous training for them strongly impacts innovation. Process innovation is higher in companies in which workers are continuously being trained, than in companies where no employee is undergoing continuous training. In addition, companies where robots are used in production processes and data analytics are applied are also more likely to innovate. The evidence presented in *Chart 4.6* suggests that, together, technology, training of workers, and workers direct involvement positively impact a firm's likelihood to innovate <sup>(58)</sup>.

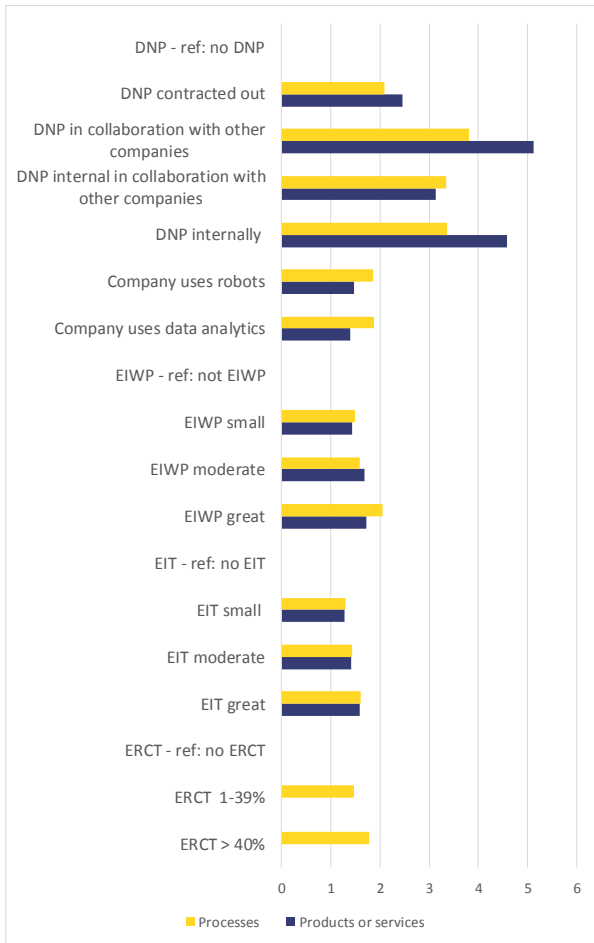
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<sup>(58)</sup> See also Rangus & Slavec (2017) for further discussions on the role of employees for company innovation.

Chart 4.6

Factors linked with company-level innovation (significantly changed products, services, and processes) between 2016 and 2019

Influence of employees on work processes and training is linked with innovation



Note: The chart reports the odds ratios of an ordered logistic regression, comparing different categories of a variable to a reference category. The regression contains control variables at sectoral and country level, as well as company level characteristics (age of establishment and profit). Lines are present only if results are statistically significant.

List of acronyms:

DNP: developing new products (mainly done through contracting out, with other companies, internally);  
 EIWP: employees influence work programme (to some extent);  
 EIT: employees influence training (to some extent)  
 ERCT: employees requiring continuous training

Source: Own calculation based on European Company Survey 2019

[Click here to download chart.](#)

**Giving workers a voice in the production process increases acceptance of change and enhances company adaptation.** This, in turn, may increase their overall satisfaction and well-being. *Chart 4.6* concerns the direct involvement of workers in decisions regarding work process innovation and product adaptation. The engagement of workers in these processes is linked to greater acceptance of new measures and lower job-related anxiety. Trade unions can play the role of a mediator between workers and companies in organisational adaptations<sup>(59)</sup>. This reduces workers' grievances and staff

<sup>(59)</sup> Bryson, et al. (2013).

turnover, which allows the retention of talent. In combination with further investments in workers' skills, companies can thus increase productivity <sup>(60)</sup>.

**Social partners fulfil central roles beyond companies in training and education systems.** They: (i) take part in the governance and designing of the systems, (ii) bargain over the setting of standards for the systems and (iii) are involved in the provision and administration of the training systems <sup>(61)</sup>. In Austria, the Netherlands and Germany, social partners play an active role in defining and managing the training system, whereas in Portugal, Greece and Ireland, they have a consultative role in the governance of training systems <sup>(62)</sup>.

**Social partners are involved in the governance and design of national training systems.** The involvement of social partners in the identification of skills takes different forms <sup>(63)</sup>. In Austria, social partners are part of a committee on skills within the employment agency. In the framework of this committee, social partners help identify qualification needs and support the expert group in designing the employment agency's training programme for the unemployed <sup>(64)</sup>. In Sweden, social partners are stakeholders in the national skills assessment and anticipation programme. There are several skills anticipation programmes, for which the national statistical institute and the public employment service produce forecasts of employment and qualifications needs forecasts. The involvement of social partners, together with other stakeholders, such as education institutions, results in additional information on developments in the labour market <sup>(65)</sup>.

**Social partners are involved in the administration and provision of training and education.** In Spain, continued vocational education and training has been reformed by the new legislation. Social partners are establishing a permanent structure in order to manage the planning of such activities, which are extensively funded by the Government. Furthermore, several million euro have been allocated to training for trade unions and employers' organisations <sup>(66)</sup>. In the Netherlands, trade unions frequently negotiate with employers to establish training funds ("O&O fondsen"), typically funded by employer levies. Approximately one fifth of worker training in the country is paid for by such funds <sup>(67)</sup>. These funds also create important training infrastructure: forming networks and education agreements, regulating the supply and demand of education, researching financial solutions, providing guidance for employees, and so on.

**Social partners can improve training opportunities for vulnerable groups <sup>(68)</sup>.** In Ireland, for example, the Irish Congress of Trade Unions (ICTU) and its affiliates financially support charities and civil society organisations to promote professional development opportunities for vulnerable groups.

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<sup>(60)</sup> The impact of trade unions on innovation depends on the collective bargaining structure and the national systems. Earlier studies highlight a negative relationship between trade union presence and innovation. However, this seems no longer to be true. See Bryson, & Dale-Olsen, (2020).

<sup>(61)</sup> TUAC (2020): Unions and Skills II – Why social dialogue and collective bargaining matter for skills systems and training provisions

<sup>(62)</sup> OECD (2019a).

<sup>(63)</sup> With differences across Member States. Cedefop (2020). Vocational education and training in Europe, 1995-2035: scenarios for European vocational education and training in the 21st century. Luxembourg: Publications Office of the European Union. Cedefop reference series; No 114.

<sup>(64)</sup> Also from the flake report – general cross industry report.

<sup>(65)</sup> [https://skillspanorama.cedefop.europa.eu/en/analytical\\_highlights/skills-anticipation-sweden#\\_methods\\_and\\_tools](https://skillspanorama.cedefop.europa.eu/en/analytical_highlights/skills-anticipation-sweden#_methods_and_tools)

<sup>(66)</sup> Flake et al. 2018, p.26.

<sup>(67)</sup> TUAC 2020, p. 20.

<sup>(68)</sup> This is not limited to Member States. For example, in Iceland social partners instituted a Vocational Rehabilitation Fund (VIRK), to fund and provide training and vocational support to individuals following injury or illness. See TUAC 2020, p. 20.

In addition, the ICTU is involved in the management of the People's Colleges, which provides adult education to workers in Dublin <sup>(69)</sup>. In Belgium, the trade union federation Confédération des syndicats chrétiens (ACV-CSC) helps workers and jobseekers, especially older unemployed people, to steer their careers <sup>(70)</sup>. It provides guidance on job applications, lifelong learning, and legal rights and obligations of job seekers, among other subjects <sup>(71)</sup>. In Finland, trade unions provide career services to members and non-members, paying special attention to young people. They provide free advice on summer jobs and organise lectures in schools on employability and the job market <sup>(72)</sup>.

**Training schemes are established by collective bargaining agreements.** To enhance training, and up- and reskilling possibilities, French social partners negotiated collective agreements to set up learning accounts. In France, a cross-industry collective agreement resulted in the creation of the personal training account, “compte personnel de formation”. The account allows workers to collect ‘points’ for experience gathered over their working period. These hours give the account holder the right to access a certain amount of funds, which are dedicated to training, and are of a size proportional to the number of hours gathered. These funds can then be used by the employee to finance training participation. Should the training take place during working hours, with the agreement of the employer, a dedicated fund can be used to compensate the employer for the absence of the worker. The workers are free to decide how to use the respective funds. Another example concerns the German Ministry of Labour, which with the financial support of the European Social Fund (ESF) is supporting social partners in developing and providing workplace training schemes. The central goal of this initiative is to increase the number of opportunities for access to training, especially in SMEs, to contribute to a higher labour market participation of women and to increase their career opportunities. Under this scheme, measures related to staff development, training networks and dialogue, such as workshops and sectoral analysis, have to be organised under the umbrella of social partner agreement <sup>(73)</sup>.

**The EU provides guidance to improve and develop training systems.** The Pact for Skills launched by the European Commission in November 2020 as one of the flagship actions of the new EU skills agenda is a model of engagement for skills development in Europe. Under the pact, national, regional and local authorities, social partners, cross-industry and sectoral organisations, education and training providers, chambers of commerce, and employment services will work together to develop the skills capital of EU companies and workers <sup>(74)</sup>. In the European Pillar of Social Rights Action Plan, issued in March 2021, the European Commission committed to propose an initiative on Individual Learning Accounts to overcome training accessibility barriers and to empower adults to manage career transitions in the last quarter of 2021. This support will help workers to adopt new skills enabling companies to use new technologies in the light of structural changes.

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<sup>(69)</sup> The college is a charitable body, which the ICTU supports financially. See : <https://www.peoplescollege.ie/about/>

<sup>(70)</sup> A programme called *bijblijfwerving*.

<sup>(71)</sup> TUAC 2020, p. 20.

<sup>(72)</sup> TUAC 2020, p. 21.

<sup>(73)</sup> [https://www.initiative-fachkraefte-sichern.de/fileadmin/redaktion/offizielle\\_Dokumente/RL\\_Fachkraefte\\_sichern.pdf](https://www.initiative-fachkraefte-sichern.de/fileadmin/redaktion/offizielle_Dokumente/RL_Fachkraefte_sichern.pdf)

<sup>(74)</sup> <https://ec.europa.eu/social/main.jsp?catId=1517&langId=en>

### 4.3. Adapting to a changing world of work – remote work

**During the pandemic, remote work has risen as a factor of resilience** <sup>(75)</sup>. The need for physical distancing measures induced a massive shift to telework, subjecting households and businesses to a large-scale forced experiment. Before the pandemic, there was a gap between the potential and the actual number of people working remotely. The increase in the number of people working remotely during the pandemic has shown that there is unexploited potential in teleworking <sup>(76)</sup>. The importance of telework as an integral, structural aspect of work organisation may increase after the crisis, regardless of whether individual workers and businesses had embraced teleworking in the past or not <sup>(77)</sup>.

**Before the outbreak of the pandemic, only a small minority of EU workers had practised teleworking, where this was made available by the employer.** In 2017, only 15-17 % of EU workers had ever engaged in telework or mobile work, while by 2019 only 5.4 % of employed people in the EU-27 regularly worked from home <sup>(78)</sup>. This presents a stark difference from the near-40 % of those currently working in the EU, who began teleworking fulltime as a result of the pandemic <sup>(79)</sup> – including approximately 25 % of all workers in teleworkable economic segments <sup>(80)</sup>. This substantial and sudden expansion is likely confronting both workers and employers with challenges, which may vary considerably, depending, inter alia, on prior experience with telework.

**Telework has a long pre-COVID-19 history.** It is linked to the constant evolution of innovative technological capital – starting with the internet – and to new modes of organising work and employment relations enabled by such capital <sup>(81)</sup>. Telework, together with home office and homeworking, belongs to the category of so-called remote work, which is characterised by the performance of ICT-based work at an approved alternative location other than the employer’s premises, such as the employee’s residence, for at least several working hours. The approved work at an alternative location is to be performed either permanently or temporarily, including regularly on agreed weekdays <sup>(82)</sup>. The benefits of telework are a modernised form of work organisation aimed at increasing productivity and competitiveness, and balancing businesses’ and workers’ requirements for flexibility to enhance job quality. In addition, telework contains the promise of better access to

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<sup>(75)</sup> See also chapter 2, sections 3.2 and 3.3 for the effect that the degree of ‘technical teleworkability’ of occupations had on the evolution of employment in each type of occupation.

<sup>(76)</sup> European Commission (2020): Labour market and wage developments in Europe. Luxembourg publication office.

<sup>(77)</sup> OECD (2020), “Supporting people and companies to deal with the COVID-19 virus: Options for an immediate employment and social-policy response”, OECD Policy Responses to Coronavirus (COVID-19), <http://www.oecd.org/coronavirus/policy-responses/supporting-people-and-companies-to-deal-with-the-covid-19-virus-options-for-an-immediate-employment-and-social-policy-response-d33dffe6/>

<sup>(78)</sup> ‘Teleworkers [What Europe does for you]’ (European Parliamentary Research Service), 10/8/2018, <https://epthinktank.eu/2018/08/10/teleworkers-what-europe-does-for-you/> and ‘Telework in the EU before and after COVID-19: where we were, where we head to’, Science for Policy Briefs, Joint Research Center, 2020.

<sup>(79)</sup> Eurofound (2020a).

<sup>(80)</sup> M. Fana et al. (2020).

<sup>(81)</sup> See ESDE 2018, ch. 2 and ILO 2020.

<sup>(82)</sup> Different types of teleworking: Eurofound and the International Labour Office, ‘Working anytime, anywhere: The effects on the world of work’ classifies telework or ICT-mobile work employees in relation to their place of work (home, office or another location) and the intensity and frequency of their work using ICT outside the employer’s premises. The following groups were identified: home-based teleworkers - employees working from home regularly, using ICT; high mobile teleworkers (or ICTM workers) - employees working in several places regularly, with a high level of mobility and using ICT; occasional teleworkers (or ICTM workers) – employees working in one or more places outside the employer’s premises only occasionally and with a much lower degree of mobility than the high mobile group.



the formal labour market for vulnerable groups of workers, such as those with disabilities or extensive caring responsibilities <sup>(83)</sup>.

**Telework offers numerous benefits to employees and employers alike.** At the same time, it may pose challenges that need to be addressed through the appropriate policy tools. Beside public policies, social dialogue and collective agreements play a central role in addressing these challenges and ensuring that all players can reap the full benefits of telework and the digitalisation of the world of work in general. In addition to the 2002 social partners' Framework Agreement on Telework, in June 2020, cross-industry social partners signed an Autonomous Framework Agreement on Digitalisation. This agreement already deals with certain aspects related to telework, including the modalities of connecting and disconnecting. The Commission will proactively support social partners in their endeavour to address the challenges raised by digitalisation and telework and the implementation of the 2020 Framework Agreement. In parallel, it will further explore the context, evolution and implications of telework, to underpin its considerations for potential future EU initiatives in this area. During the pandemic, social partners were involved in the roll-out of teleworking in many Member States.

**The overall impact of telework on workers' well-being and productivity is ambiguous.** On one hand, workers reported an appreciation of the flexibility in organisation of working time and the absence of time and money spent commuting to the workplace. On the other hand, some general effects can be highlighted. Among the frequently-reported negative effects was an effective expansion of unpaid work: unpaid overtime at home, or in other words, supplemental telework. This tends to have a particularly negative effect on workers' well-being, not only because it infringes upon private time including the disruption of family life, but also because it increases feelings of guilt about neglecting home issues ('work-home interference') <sup>(84)</sup>. Section 2 has discussed that where telework and family time are irreconcilable, the general experience of telework is perceived as negative. Telework can also improve work-life balance and thereby well-being. But the evidence on its overall impact on well-being cannot easily be generalised <sup>(85)</sup>. Some evidence from the period of the ongoing pandemic points to benefits for work-life balance only when telework is based on clear rules and functions as a complement to – rather than a substitute for – work on the employer's premises <sup>(86)</sup>.

**Overcoming obstacles to telework has called for cooperation between the social partners.** To ensure that telework improves welfare and security as well as efficiency and competitiveness, EU social partners' adopted the Framework Agreement on Telework in 2002 <sup>(87)</sup>. It was negotiated, signed and implemented by the European cross-industry social partners, ETUC, UNICE, UEAPME, and CEEP. This landmark agreement set up a general framework of rules at European level to promote

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<sup>(83)</sup> European Parliamentary Research Service (2016), 'Smart workplace: Relativity of space and time', 2016, [http://www.europarl.europa.eu/RegData/etudes/ATAG/2016/579107/EPRS\\_ATA\(2016\)579107\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2016/579107/EPRS_ATA(2016)579107_EN.pdf)

<sup>(84)</sup> According to Ojala, & Pyöriä, (2013) home-based telework is not related to an enhanced work–family interface as it finds only weak evidence for telework and/or informal work at home supporting family life.

<sup>(85)</sup> Eurofound and International Labour Office (2017), Working anytime, anywhere : the effects on the world of work., Publications Office of the European Union, Luxembourg, p. 29 <https://www.eurofound.europa.eu/publications/report/2017/working-anytime-anywhere-the-effects-on-the-world-of-work>

<sup>(86)</sup> This is the case evidenced by examples from Germany in Ahlers, Elke, Sandra Mierich and Aline Zucco (2021), Homeoffice: was wir aus der Zeit der Pandemie für die zukünftige Gestaltung von Homeoffice lernen können, Wirtschaft-und Sozialwissenschaftliches Institut, Report No. 65, April 2021.

<sup>(87)</sup> Art. 2 of the agreement defines telework as form of organising and/or performing work, using information technology, in the context of an employment contract/relationship, where work that could be performed at the employer's premises is carried out away from those premises on a regular basis. Teleworkers are defined as any person carrying out telework as defined above.

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telework by ensuring that teleworkers enjoy the same rights as those working on employer's premises, while safeguarding the employer interests <sup>(88)</sup>. Its guidelines cover data protection, privacy, work organisation, health and safety, training, and career prospects. They have been implemented in accordance with each country's 'procedures and practices specific to management and labour in each Member State', through changes to legislation or collective agreements <sup>(89)</sup>.

**The EU Framework Agreement on Telework gives guidance on how to structure telework.** Social partners want to ensure that telework does not amount to a new employment status. The agreement stresses that teleworkers should enjoy the same legal protection as employees working at the employer's premises. It also identifies aspects specific to distance working which require adaptation of, among other aspects, employment conditions, data protection, privacy, equipment, health and safety, organisation of work, training, and collective rights.

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<sup>(88)</sup> Teleworkers are afforded protection also by EU rules on working time and health and safety. The Working Time Directive sets

<sup>(89)</sup> Eurofound. (2010). and European Commission. (2008).

### Box 4.1: Collective bargaining in times of the pandemic

**The principle of voluntariness:** In several collective agreements, the voluntariness of teleworking is a crucial feature. For example in Italy, this principle is stressed by the agreements of the telecommunications sector, the steel company AST (Acciai Speciali Terni) agreement, the banking groups ING and Cassa Centrale Banca-Credito Cooperativo Italiano as well as the pharmaceutical company Merck Serono agreements. In Lithuania, the sector-specific collective agreement covering all health-system employees funded by the state budget, signed in December 2018, not only defines teleworking as voluntary, it additionally makes the employer responsible for enabling an employee to work remotely following a simple request. The voluntary nature of teleworking is also a central principle in the position paper published in late November 2020 by IndustriALL<sup>(1)</sup>.

**Collective bargaining agreements stipulating working conditions:** The collective agreement concluded in Italy between the telecommunication company, TIM, and the trade unions specifies rights for 'smart-workers', such as the right to disconnect, the entitlement to restaurant tickets for meals (also when working remotely), trade union rights, and the provision of adequate IT equipment by the company<sup>(2)</sup>. Several collective agreements make explicit mention of working time, reflecting concerns over teleworking risks that pre-COVID-19 empirical findings had identified, notably the expansion of working time for many teleworkers. Reflecting the same concerns, IndustriALL stresses that working time conditions must be the same no matter where the work is carried out. More flexibility and autonomy should be to the worker's advantage and his/her work-life balance, and not result in unpaid overtime, pressure to be flexible and always available, and huge psychological strains. The umbrella organisation emphasises the needs to guarantee and enforce the right to disconnect properly.

**Defining working time limits:** In Slovakia, the collective agreement between the VSE Holding and its employees enables the use of homeworking for an unlimited time. In the Lithuanian healthcare collective agreement, management has to enable teleworking for at least 20% of working time of an individual worker, upon the latter's request, provided the tasks can be performed remotely. In all other cases, collective agreements, in particular those that seek to introduce the practice as a structural measure beyond the pandemic, provide for more limited use of the practice. In France, the Suez Group agreement provides for teleworking at the rate of two days per week on average over the calendar year (ca. 40% of working time). Among other implications, this means that telework remains a partial and often easily reversible working arrangement in tandem with work on employers' premises, which therefore remain the central workplace<sup>(3)</sup>.

**Responsibilities on the provision of equipment:** In January 2021, in Portugal the social partners' consultation led to the promulgation of a temporary measure that gives responsibility for the tools and communication equipment provision to the employer. When this is not possible, the worker's means can be used, although the employer remains responsible for adaptation. The same company responsibility is stated in the Merck-Sarono agreement, and the Italian framework collective agreement in the telecommunications sector. Also in the French Suez Group collective agreement, the company makes available to teleworkers a laptop, remote VPN access, and a telephony solution that guarantees respect for privacy. Furthermore, the company provides a lump-sum and an allowance for employees that telework an average of two days per week over the year to compensate for energy use and other expenses. In Luxembourg, an agreement covering all private-sector employees nationwide makes the employer responsible for providing the employee with the technical equipment necessary to telework efficiently<sup>(4)</sup>.

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<sup>(1)</sup> The cases analysed are documented in Eurofound's EU Policy Watch under the codes IT-2020-38/1453, IT-2020-40/1455, IT-2021-6/1447, LT-2020-29/1114 and EU-2020-48/1577, COVID-19 EU PolicyWatch.

<sup>(2)</sup> COVID-19 EU PolicyWatch, case IT-2020-32/1195.

<sup>(3)</sup> The cases analysed are documented in Eurofound's EU Policy Watch under the codes SK-2020-18/1476, LT-2020-29/1114, IT-2020-32/1195, IT-2020-38/1453, FR-2020-46/1466 and IT-2021-6/1447 (in the latter, a 30-day notice is required of the employee to withdraw from an existing teleworking arrangement).

<sup>(4)</sup> The cases analysed are documented in Eurofound's EU Policy Watch under the codes PT-2020-13/307, IT-2021-6/1447, IT-2020-31/1188, FR-2020-46/1466 and LU-2020-43/1387.

**During the pandemic teleworking was a matter of health and safety.** The agreements concluded at the start of the pandemic mention telework as a tool for the health and safety of workers, and for ensuring the continuity of production and service to communities – from local to national level. For

instance, in the state-owned energy group Ignitis in Lithuania, COVID-19 prompted management to maximize employee safety by adapting offices and by creating the conditions for more people working from home. Similarly, in Slovakia, consultation through tripartite social dialogue resulted in an agreement to preserve first and foremost workers' health and provide uninterrupted service to consumers as well as protect employment. The government introduced new rules that allowed wider use of telework in Slovakia. In Italy, too, protection of workers' health was the primary principle mentioned in the collective agreement signed between employer association, Asstel, and the three most representative trade unions of the telecommunication industry, Fistel-Cisl, Slc-Cgil, Uilcom-Uil. The agreement, 'Principles and Guidelines for the new agile work in the telecommunications supply chain', sets a framework for company-level bargaining in companies belonging to the telecommunications sector, which comprehensively employs around 150 000 workers<sup>(90)</sup>.

**Collective agreements on telework in the aftermath of the pandemic stipulate working conditions and the provision of equipment.** The agreements embrace the principle of voluntariness and leave the initiative to the individual worker<sup>(91)</sup>. They clearly stipulate the same rights and working conditions for teleworkers as those of in-situ workers. All of the collective agreements concluded by social partners on telework in the aftermath of the pandemic state explicitly that teleworkers enjoy all of the same rights as those working on the premises of the employer. However, the practical differences of teleworking necessitates the provision of specific rights that can only be relevant to teleworkers. The majority of collective agreements define limits to telework working times. They do so either in terms of individual or aggregate working time, or as a share of the total number of workers with the same employer. While the relevant collective agreements aim to expand the use of telework, they do so through a measure that envisages telework as complementary to work on the employer's premises, both at individual and at company level. This is visible from the collective agreements concluded in Slovakia and France, for example, which are presented in Box 4.1. The collective agreements on telework include clauses about the responsibilities regarding the provision of technical and logistical support. This is consistent with the EU Framework Agreement on Telework. The collective bargaining agreements discussed in Box 4.1 on provision of equipment stipulate that employers must provide equipment, such as laptops, that workers need to fulfil their duties from home.

**The majority of collective agreements explicitly adopt telework to seize the advantages of structural change beyond the duration of the pandemic.** The company level and sectoral collective agreements concluded in Italy attempt to regulate the use of teleworking beyond the simplified regime adopted by the government in order to cope with COVID-19. The collective agreements convey a sense of the opportunity for structural modernisation, suggesting that reliance on 'smart' or 'agile' working arrangements will outlive the health emergency. The collective agreement at Acciai Speciali Terni defines the objective as the promotion of better work-life balance, stronger digitalisation of the work in the company, a boost in productivity, and the promotion of a higher degree of social, economic and environmental sustainability. Modernisation beyond the horizon of the crisis is also the aim of the collective agreement from Suez, France, in November 2020, which

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<sup>(90)</sup> The cases analysed are documented in Eurofound's EU Policy Watch (<http://eurofound.link/covid19eupolicywatch>) under the codes LT-2020-12/1388, SK-2020-18/1476 and IT-2020-31/1188.

<sup>(91)</sup> Art. 3 of the July 2002 EU-level framework agreement on telework establishes the voluntary character of telework for both worker and employer and forbids the termination of an employment relationship because of a worker's refusal to opt for telework.

generalises and perpetuates telework beyond the COVID-19 crisis, ‘to strengthen quality of working life and promote flexibility’ <sup>(92)</sup>.

**As regards teleworking, social partners actively address structural change.** In the immediate aftermath of the pandemic, the social partners have negotiated a number of collective bargaining agreements to accommodate the shift to effective and fulltime teleworking of a large share of EU employed in teleworkable functions. These agreements reflect the principles outlined in the 2005 EU Framework Agreement on Telework. The bipartite and tripartite initiatives taken by the social partners illustrate their willingness to steer structural change judiciously by regulating teleworking in ways that make it complementary to, but not a substitute for, in-situ work, to reap the benefits of this working mode. However, the structural change related to digitalisation goes beyond telework. It also concerns adaptation of the workplaces at the employers’ premises.

## 5. CHALLENGES FOR SOCIAL DIALOGUE

**Social dialogue is an important institution for the world of work, but it is under increasing pressure to adapt.** The pandemic has made interactions between social partners increasingly difficult or, at times, even prohibited them. While social partners have made contributions to support workers and companies to adapt to the pandemic (see Section 3), they have also been put to the test. In the months after the outbreak of the pandemic, the adoption of nationwide restrictions limited collective bargaining and social partners’ activities in some Member States. Collective bargaining has been losing momentum since the early 2000s. In this context, Section 5.1 will discuss collective bargaining in the immediate aftermath of the outbreak of the pandemic and show how the previous changes in the economy, such as the rise of digital platforms, reduce the room for manoeuvre of collective bargaining. Although social dialogue in the EU has a high potential to support workers, employers, and governments to adjust to structural change, it will also have to adapt itself. Section 5.2 discusses this need for adjustment, relating to the aspects of recovery and structural transitions discussed in Section 4.

### 5.1. Social dialogue in the aftermath of the crisis

**EU level social partners have been reporting on short-comings of national social dialogue in the aftermath of the outbreak of the pandemic.** The European Trade Union Confederation (ETUC) reported on the situation of collective bargaining across Member States. In Belgium, there has been, overall, a good climate in social dialogue, yet ETUC highlights that measures to reduce the impact of the pandemic have been taken by the government without social consultation. ETUC and IndustriAll criticised the measures taken by the Hungarian government during the initial phase of the pandemic in March 2020. ETUC highlighted that the measures weaken workers’ rights and undermine the labour code and autonomous collective bargaining agreements. IndustriAll reports that they, together with ETUC and the national social partners, prevented the introduction of a measure by the Croatian government, allowing it to unilaterally cancel collective agreements <sup>(93)</sup>. UniEuropa pointed

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<sup>(92)</sup> The cases analysed are documented in Eurofound’s EU Policy Watch under the codes IT-2020-31/1188, IT-2020-38/1453 and FR-2020-46/1466

<sup>(93)</sup> <https://news.industrial-all-europe.eu/Article/436>

out that remote working could be used to diminish or obstruct workers' rights to form or join a trade union and that in this way it could undermine social dialogue and collective bargaining <sup>(94)</sup>.

**In the aftermath of the outbreak of the pandemic, 'traditional' collective bargaining was put on hold in some Member States.** In Member States, such as Czechia and Finland, the planned collective bargaining rounds for 2020 were held from the end of 2019 to the beginning of 2020, and could thus be concluded. Yet, in many Member States, anticipated pay raises have been frozen, as the pandemic raised a lot of concerns about increasing economic uncertainty. In Sweden, new collective bargaining rounds were due to take place in 2020 <sup>(95)</sup>. Due to uncertainty related to the public health crisis, social partners agreed to put the bargaining round on hold. In Spain, the outbreak of the pandemic has led to a considerable adjustment of the general agenda of the parties at the collective bargaining table. Many of the negotiations had to be postponed due to the outbreak. Saving jobs has been prioritised over wage adjustments – the minimum wage has been frozen for 2021 and collectively agreed wages decreased in 2020 compared with 2019. In almost 500 companies, collective agreement clauses related to wages have been suspended. The suspensions have been negotiated with workers and are related to schemes, such as short-time work, to alleviate the economic pressure on companies due to the crisis <sup>(96)</sup>.

**In some Member States, the pandemic prohibited the normal functioning of collective bargaining and social dialogue.** In Romania, Hungary and Portugal, governmental decrees linked to the state of emergencies limited the right to strike of workers. In the aftermath of the confinements of spring 2020, Romanian trade unions pointed out that their bargaining power decreased, as their potential to strike has been undermined by the pandemic. In the aftermath of the outbreak of the pandemic, the negotiation procedures for collective agreements have been put on hold in Greece <sup>(97)</sup>. According to the law, the Greek statutory minimum wage should be revised annually, in concertation with social partners. However, this process was also put on hold following the outbreak of the pandemic and has been further postponed <sup>(98)</sup>. In April 2021, consultations with the social partners were finally launched. Even before the pandemic, Greek reforms relating to the right to strike and the implementation of a digital registry for trade unions were discussed in the framework of a labour law modernisation <sup>(99)</sup>. The legislative process for these reforms was also delayed in spring 2021. In Poland, there was little active tripartite and bipartite social dialogue at the beginning of 2020. Only in September 2020 did social partners' reach bipartite resolutions on public aid to transport companies, for example. Yet none of those motions have been endorsed by the government.

**Collective bargaining coverage has been decreasing in many Member States.** In several Member States, collective bargaining came under pressure after the financial crisis in 2008. Trade union and collective bargaining coverage were already decreasing prior to that, however (see *Chart 4.7*) <sup>(100)</sup>. A

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<sup>(94)</sup> [https://www.uniglobalunion.org/sites/default/files/files/news/uni\\_remote\\_work\\_guidelines\\_report.pdf#overlay-context=news/covid-19-forces-millions-work-home-right-disconnect-has-never-been-more-important](https://www.uniglobalunion.org/sites/default/files/files/news/uni_remote_work_guidelines_report.pdf#overlay-context=news/covid-19-forces-millions-work-home-right-disconnect-has-never-been-more-important), p. 3.

<sup>(95)</sup> In Sweden, collective bargaining takes place every three years. The previous round was held in 2017.

<sup>(96)</sup> The country information is derived from Eurofound (2021): Working life in the pandemic 2020. Working papers on Finland, Sweden and Spain.

<sup>(97)</sup> The country information is derived from Eurofound (2021): Working life in the pandemic 2020. Working papers on Romania and Greece, Dublin.

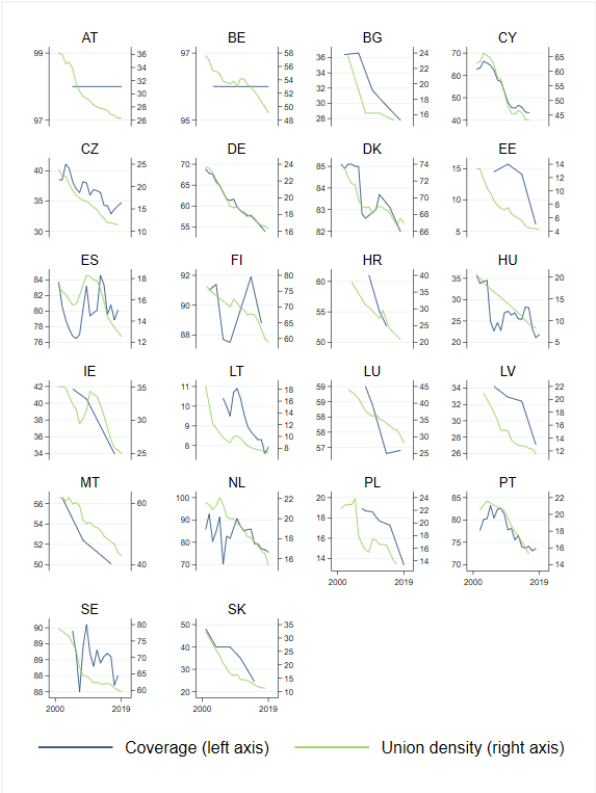
<sup>(98)</sup> Initially for a period of 6 months, subsequently extended twice, for additional 3 months, Art.110, law 4764/2020.

<sup>(99)</sup> This register will be a prerequisite for trade unions to acquire legal personality, allowing them to exercise the rights of collective bargaining and striking. The legislative proposal further regulates the right to strike and provides for an increase in minimum services operation during strikes for public service firms (to be set at 33% compared to the current 20% level).

<sup>(100)</sup> See also Chapter 4 in European Commission (2020).

decrease in multi-employer bargaining at the sectoral or national level appears to explain the drop in collective bargaining coverage. These decreases occur in concert with regulatory changes, such as the discontinuation of national agreements and multi-employer bargaining or changes in rules on the automatic extension of the collective bargaining agreement <sup>(101)</sup>. In Austria or Belgium for example, extensions to collective bargaining agreements are widely used <sup>(102)</sup>. Collective bargaining coverage is usually high in Member States where collective agreements are negotiated with several employers and where the collective agreements are concluded at sectoral or national levels. Where employer density is high, collective bargaining coverage tends to be higher. Trade union membership can also affect collective bargaining coverage: particularly in countries where collective bargaining is concluded at the company level, trade union membership tends to be more aligned with collective bargaining coverage (OECD, 2019b) <sup>(103)</sup>.

Chart 4.7  
Development of collective bargaining coverage and trade union density between 2001 and 2019



Note: Collective bargaining coverage is based on the historical trend in the adjusted bargaining (or union) coverage rate. This represents the proportion of employees covered by collective (wage) agreements in force among employees with the right to bargain based on combined administrative and/or survey data sources (AdjCov and AdjCov\_s from OECD/AISA ICTWSS database). Trade union density is the proportion of employees among the total number of employees that are members of trade union.

Source: European Commission computation based on OECD/AIAS ICTWSS database <https://www.oecd.org/employment/ictwss-database.htm>

[Click here to download chart.](#)

**Collective bargaining coverage needs to be ensured by appropriate frameworks.** The developments just outlined hamper the effectiveness of collective bargaining across the EU. To maintain high

<sup>(101)</sup> Visser (2016).  
<sup>(102)</sup> Extensions are based on legislation, mandating the government (or courts) to apply provisions of collective agreements beyond its signatories, to non-organised employers (Visser, 2016, p. 6). Despite automatic extensions, collective agreements may still leave room for specific company level adjustments.  
<sup>(103)</sup> In Poland or Latvia for example, collective bargaining mostly takes place at the company level.

collective bargaining coverage, an appropriate regulatory framework, in agreement with social partners, remains imperative. The European Commission proposed a Directive on Adequate minimum wages in the European Union <sup>(104)</sup>. This includes measures aiming to increase collective bargaining coverage in the Member States. Article 4 of the proposal underlines that Member States should take action to promote and strengthen social dialogue and to increase collective bargaining coverage.

**Many citizens attach a lower importance to social dialogue compared to other components of the European social model.** A number of studies point to a positive relationship between strong collective bargaining and income inequality <sup>(105)</sup>. In countries with strong collective bargaining institutions, overall in-work poverty tends to be lower. Rapid changes in economies and labour markets inevitably imply a modified agenda for social dialogue. Yet, when confronted with a number of policies and political aims in the realm of employment and social affairs, EU citizens rank social dialogue and the involvement of workers amongst the least important factors for the future of the EU <sup>(106)</sup>. The range of policy issues, presented in *Chart 4.8*, with which survey respondents have been confronted include a large variety of issues. Social dialogue is a process that deals with different policy issues. While social dialogue can play an important role in the implementation and improvement of the respective policies, citizens across the EU appear to attach a lower importance to it. Generally, trust in social partners across the EU is high. But this perception of social dialogue reflects the decreasing afflux of trade unions <sup>(107)</sup>. The capacity of social partners to negotiate and to have a substantial impact also depends on membership size and the coverage of their agreements.

**To maintain the ability to advise policymakers, social partners need to have the necessary capacity.** In itself, the crisis has created extraordinary and unprecedented challenges that will need to be addressed through a revamped social dialogue, at EU, national and sectoral/local levels. It is clear that increased administrative capacity to lead on bipartite and tripartite social dialogue will be necessary in some particular countries and/or regions in Europe. The capacity of social partners to be involved in policymaking and conclude agreements is determined by structural and institutional factors. The social partners need to have the capacity to respond to new challenges; the skills and expertise to advise public policymakers; and stable cooperation between themselves and with public authorities <sup>(108)</sup>. Capacity is of particular relevance in light of the ongoing transitions, to which social partners have to adapt, in addition to attracting new members. Promoting a more supportive legal framework for social dialogue and sectoral collective bargaining, while respecting the autonomy of social partners, can reinforce the capacities of both employers' organisations and trade unions' to embrace structural change and to engage in challenging policy discussions stemming from the national Resilience and Recovery Plans <sup>(109)</sup>.

**The need for capacity building is recognised by the European Commission.** It proposed for the new European Social Fund Plus (ESF+) that all Member States shall allocate an appropriate amount of

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<sup>(104)</sup> Proposal for a Directive of the European Parliament and of the Council on adequate minimum wages in the European Union COM/2020/682 final.

<sup>(105)</sup> For a discussion, see European Commission (2020 a).

<sup>(106)</sup> According to the special Eurobarometer 509 survey on social issues.

<sup>(107)</sup> See European Commission (2020).

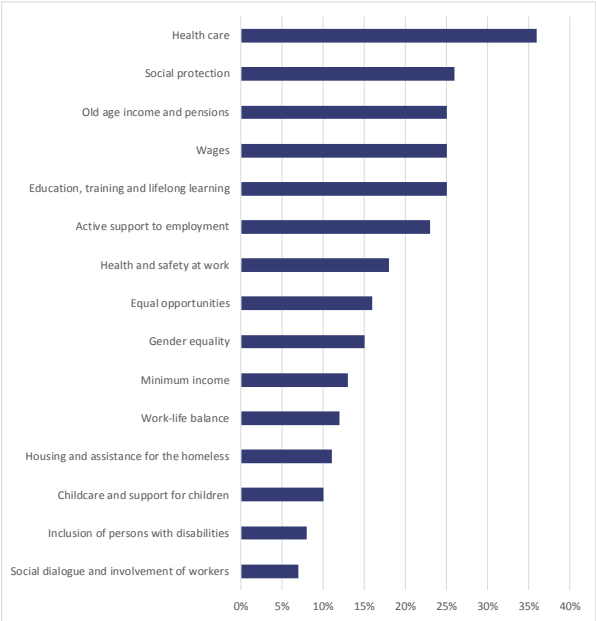
<sup>(108)</sup> Eurofound (2020 b).

<sup>(109)</sup> As highlighted by Article 18(4) (q) of the Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility.



ESF+ resources for building the capacity of social partners and civil society organisations. Furthermore, the Commission’s 2020 EU Programme for Employment and Social Innovation (EaSI) budget supports to social partners. It aims to strengthen the role of national social partners in mitigating the economic and social impact of the COVID-19 crisis. In addition, the prerogative budget lines “Support for social dialogue” call for proposals will be strengthened for actions aimed at capacity-building of national social partners affected by the pandemic. The central role, however, for capacity building remains with social partners. In addition, the European Commission provides concrete guidance on how to reinforce social dialogue at national and EU levels. In this respect, Andrea Nahles, Special Advisor to Commissioner Nicolas Schmit has published a Report <sup>(110)</sup>, laying out concrete actions feeding into the initiative to support social dialogue at EU and national level social, which the Commission will present in 2022 as set out in the European Pillar of Social Rights Action Plan. This will include the launch of a new award for innovative social dialogue practices; an information and visiting programme for young future social partner leaders; the review of sectoral social dialogue at EU level; and a new supporting framework for social partner agreements at EU level.

Chart 4.8  
Elements of social policies considered important by EU citizens for the future of the EU



Source: Own illustration based on the special Eurobarometer 509 survey on social issues.  
Click here to download chart

[Click here to download chart.](#)

## 5.2. Adopting new strategies in a changing environment

**Economic recovery after COVID-19 is taking place in a changing environment.** As highlighted in Section 4, the recovery will be accompanied by major structural changes. The previous section has shown that social partners are actively shaping structural change <sup>(111)</sup>. In this context, they are also adapting to tackle climate change. While social partners have the potential to accompany these changes, they will have to adapt and reinvent themselves to keep up with these developments. The

<sup>(110)</sup> See: <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&furtherNews=yes&newsId=9916> (last access: 23.06.2021)

<sup>(111)</sup> Their role in helping the reskilling and upskilling of workers is recognised explicitly in several EU instruments, most notably, ESF+ and Horizon Europe.

following subsection will illustrate how social partners can resolve these tensions. The review below will discuss two main structural changes: digitalisation in the context of the gig economy, and environmental sustainability.

**Both employers and trade unions have expressed support for EU's Climate policies <sup>(112)</sup>.** Some sectors will have to adapt more than others. As opposed to traditional issues dealt with in the realm of collective bargaining, employers and workers have shared interests relating to environmental sustainability. Beyond the traditional motive of earning profits and maintaining jobs, social partners recognise the importance of a future-proof operation. They also have shared interests in those elements of climate policy that help maintain the competitiveness of EU businesses, such as infrastructure investment and emission trading arrangements that align carbon prices faced by EU producers and importers, along with as public investment in skills. At the same time, employers' and workers' interests on the one hand and the overarching social interest in climate sustainability on the other are not automatically aligned in the context of high-emission sectors, such as coal, where a shift to greener operation would be costly or impracticable <sup>(113)</sup>. EU policies, such as the Just Transition Fund, aim at leaving no one behind so that the most directly-affected workers and regions can adapt to the climate transition.

**Social partners from different sectors are adopting different strategies to embrace environmental sustainability.** For regions dependent on activities related to high carbon intensiveness, the goal should be to gradually replace these activities with more environmentally friendly activities, while ensuring job creation and stability. In the coal sector, social partners are adopting a more defensive strategy. In France, social partners in the sector have been defending the coal-based status quo, whereas in Germany social partners have been demanding a lengthier transition process <sup>(114)</sup>. In addition, the works council is to be advised on future product strategies by the management and to be allowed to make proposals. ENEL, an Italian electricity producer, announced in 2017 the closure of two large coal based power plants and its aim to become climate neutral by 2050, underpinned by a collective agreement with Italian trade unions. This included provisions for recruitment combined with apprenticeships to ensure knowledge transfer from old to young and training opportunities to ensure employability and the creation of new skills <sup>(115)</sup>. The automobile sector faces two transitions at the same time: decarbonisation and automation. Cooperative industrial relations continue to be of utmost importance in facilitating employment transitions. In Germany, the general works council of Daimler has reached a company level agreement under which worker job security is extended until 2030.

**Social partners have also started to adopt new strategies for the new world of work <sup>(116)</sup>.** Traditional collective bargaining structures, strategies, and methods might not be as effective in the platform economy. Platform workers often work remotely and independently of each other, which may have repercussions for their collective representation. There is great diversity in platform work: workers in the platform economy range from students who are interested in an occasional job to designers or programmers who offer services that are highly paid. In addition to the geographical

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<sup>(112)</sup> See for example <https://www.etuc.org/en/document/etuc-resolution-fit-55-package> and <https://www.buinesseurope.eu/policies/energy-and-environment/climate-change>

<sup>(113)</sup> For a more detailed overview over these examples, see: Galgóczi, (2020).

<sup>(114)</sup> Galgoczi (2020).

<sup>(115)</sup> For a more detailed overview over these examples, see: Galgóczi, (2020).

<sup>(116)</sup> European Commission (2019).

dispersion, this poses challenges as the workers' needs, demands and preferences may be highly heterogeneous. ETUC is critical of the fact that platforms are often not willing to recognise workers' representations and to enter into dialogue with them, as new topics and issues beyond the traditional collective bargaining topics will have to be addressed. The design of customer ratings or privacy and data protection are new issues arising in the realm of collective bargaining <sup>(117)</sup>.

**Digitalisation in the workplace is another issue that social partners are confronted with, and actions vary across countries and sectors.** Although social partners have taken on the issue of platform work and telework, as discussed in previous sections, there is a variety of social partner involvement across sectors and countries in the broader discussion of workplace digitalisation. A recent survey, carried out in eight countries, revealed that about 63 % of employer and trade union representatives consider digitalisation a concern for the social dialogue within their sector and companies. Yet, the proportion of those who share this assertion varies between 81 % of respondents from Germany, to about 55 % in France, Italy, Portugal and Spain <sup>(118)</sup>. In Sweden and Belgium for example, there is consensus that digitalisation should be accommodated in collective bargaining. In the Spanish financial sector, digitalisation has only been discussed in a small number of larger companies. In the postal service and logistics as well the tourism sector, social dialogue has not yet entered the social partners' agenda.

**Social partners at the company level have adopted different strategies to accommodate digitalisation.** Digitalisation goes beyond telework, and recent evidence suggests that national social partners are adopting increasing numbers of initiatives to tackle related changes. These range from information sharing to consultation and anticipatory negotiation <sup>(119)</sup>. A lack of knowledge and expertise among bargaining parties and a dearth of information on digitalisation processes, as well as an absence of coordination along the value chain, prohibit constructive collective bargaining. Generally, existing social dialogue structures were found to impact the adoption of digitalisation into the social partners' agendas. Therefore, well developed social dialogue and collective bargaining structures that are sufficiently agile to take on new issues, are important to address the issue of digitalisation.

**A renewed social dialogue to tackle the twin challenge of the digital and green transitions is emerging.** The implementation of climate targets and the transition to a low-carbon economy are expected to result in changes to the sectoral composition and quality of employment. Rapid changes in economies and labour markets inevitably entail a modified agenda for social dialogue. The social partners have started to systematically tackle the new topics arising through a number of joint texts. EU social partners in banking, insurance, telecommunications, urban transport, metal, engineering and technology-based industries, furniture, postal services, electricity, graphical industry and ports have issued joint texts to address the topic of digitisation. Furthermore, the cross-industry social partners also reached an autonomous agreement on digitisation in 2020 <sup>(120)</sup>. Strengthening social

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<sup>(117)</sup> ETUC (2018).

<sup>(118)</sup> Franssen et al. (2020).

<sup>(119)</sup> This is the result from a study carried out in 8 Member States, focusing on the following sectors: banking tourism, postal and logistical services, and manufacturing. See Teissier & Naedenoen (2020).

<sup>(120)</sup> This is done through two main channels: outlining a joint dynamic process, taking into account the different responsibilities of the different actors; or by highlighting approaches, measures and actions that employers and workers can use.

dialogue institutions and enhancing the inclusiveness of collective representation at all levels will remain key. The European Commission launched a new call for proposals in 2021, which aims at supporting exchanges and dissemination of good practices, innovative approaches and experience, and mutual learning at EU level, in order to sustain social dialogue activities in the context of the COVID-19 crisis <sup>(121)</sup>. This call is intended to assist national social partners in continuing their crucial role in developing and implementing joint responses and to contribute to national efforts to protect jobs and support economic recovery strategies.

## 6. CONCLUSIONS

**EU level and national social partners have contributed to managing the COVID-19 crisis in many respects.** The pandemic has led to economic distress across Member States and has raised health and safety issues. Social partners have been involved in public and private initiatives to ensure health and safety and the incomes of workers, thereby contributing to their increased well-being. The EU social partners developed guidelines on organisational health and safety and highlighted urgently needed public policy measures. At the national level, social partners have contributed to the design and organisation of policies to reduce the socioeconomic impact of the pandemic. In several Member States, they have played an important role for short time work schemes. Yet, in Member States with weak traditions of social dialogue, the speed at which policy measures had to be decided and administered resulted in the non-substantial involvement of social partners in national policymaking.

**Countries with strong social dialogue institutions favoured the early involvement of social partners in the deployment of policies and measures.** In Member States where the involvement of social partners is traditionally strong, this involvement was guaranteed and in some cases strengthened, despite substantial time pressures. In some cases, social partners facilitated the provision of information to public authorities and to workers. Well-established social dialogue institutions have proven to be important in times of crisis. Where the ties between social partners and public authorities are strong, social partners can contribute with greater ease to the requisite adaptation.

**Social partners must play a central role in the recovery and adapting to structural change.** Social dialogue is a strong component of the European social model, and facilitates labour market transitions. They can play an important role in national training systems and enhance the adequacy of training and education. Social dialogue gives workers a voice, which increases the acceptance of changes in the production process, while shaping work processes and the creation of new products and services, thereby enhancing innovation and, ultimately, competitiveness.

**In many Member States, social partners have accommodated telework.** In the structural context of living up to the challenges posed by the macro drivers of change (digitalisation, automation, globalisation and demographic change), as well as in the context of the pandemic, social partners have negotiated a number of agreements to ensure good working conditions and the provision of equipment for employees working from home. Prior to and during the pandemic, social dialogue has proven to be an important enabler of teleworking arrangements.

**Social dialogue remains under pressure to constantly adapt.** Low coverage of collective bargaining and the need for capacity building of social partners remain important issues for which social

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<sup>(121)</sup> <https://ec.europa.eu/social/main.jsp?catId=629&langId=en &callId=605&furtherCalls=yes>

partners will need the support of public authorities. The changing world of work raises new challenges, to which social partners must rise. The impact of the crisis on national social dialogue and collective bargaining has varied across Member States. In some Member States, traditional collective bargaining was limited due to sanitary measures, whereas in other Member States, the relevance of tripartite social dialogue increased in light of urgently-needed public interventions.