

EU COMMISSION STAKEHOLDER CONSULTATION: A EUROPEAN PILLAR OF SOCIAL RIGHTS

The World Employment Confederation–Europe welcomes the focus on the changing world of work and on balancing security and flexibility

General Assessment of the European Pillar of Social Rights:

The European Commission consultation is welcomed by the employment industry, especially with regard to its future of work dimension. In this Position Paper three challenges are identified, three trends linked to the changing world of work are described and three recommendations put forward.

Current employment and social challenges: 3 key messages

1. EU labour markets are currently characterised by multiple challenges, including the need to adapt national regulation to the 21st century, to increase labour market participation and diversity, to address work migration and integrate refugees and to reduce skill mismatches.
2. There is no one-size fits all approach to address these challenges. The EU should thus focus on mutual learning and best-practice exchange, while recognising the principle of subsidiarity.
3. In the field of employment and social law, the current EU legislation is mostly sufficient and largely up-to-date. For some EU Directives, there is a need to ensure a better implementation and enforcement, such as the Directive on temporary agency work or the Posting of Workers Directive. Policy action might also be needed to address new forms of work, such as online talent platforms and on-demand work to ensure a level-playing field between different forms of employment.

The changing world of work in Europe: 3 main trends

1. Major shifts and transformations are taking place in the labour market, linked to demographics, new production patterns, innovation, as well as changing job and career patterns. We are facing less a job crisis than a work revolution.
2. The changing world of work implies important opportunities resulting from new employment relationships, customisation, automation and on-demand work, but also includes risks mainly linked to complexity and polarisation.
3. In this changing world of work, the employment industry plays a key role by enabling work, adaptation, security and prosperity. It helps adapting social security by allowing for the transferability and portability of rights.

The EU Pillar of Social Rights: 3 recommendations of the World Employment Confederation-Europe

1. The World Employment Confederation–Europe supports the scope and outline of the EU Pillar of Social Rights. A strong focus should be laid on the changing world of work, recognising the role of the employment industry in adapting to change and in designing innovative social protection schemes.
2. The World Employment Confederation–Europe recommends to further unlock the contribution of the employment industry to enabling work, adaptation, prosperity and security through structural reforms. Better functioning and more inclusive labour markets, as well as a deepened EU internal market will also enhance economic convergence in the EU.
3. To implement the EU Pillar of Social Rights and strengthen economic convergence, the Europe 2020 European Semester should be used and mutual learning between countries enhanced, focusing especially on the reducing unemployment, avoiding skill mismatches and preventing undeclared work.

1. Assessment of the employment and social situation in Europe

1.1. World Employment Confederation–Europe assessment of the consultation for an EU Pillar of Social Rights

On 8th March 2016, the European Commission launched a consultation on a European Pillar of Social Rights. The World Employment Confederation–Europe, representing the employment industry in Europe, welcomes this initiative to start a broader reflection on the changing world of work in Europe. An in-depth discussion on the need to adapt labour markets, employment policies and social protection schemes is indeed needed. Restoring and strengthening social and economic convergence in the EU and among the countries of the Eurozone is essential and should be supported by appropriate policies. At the same time, any EU action should fully respect the principles of proportionality and subsidiarity and thus the primary competence of the EU Member States in the field of employment and social affairs.

The World Employment Confederation–Europe believes that the discussion on the EU Pillar of Social Rights needs to be based on a broad dialogue with EU Social Partners at sectoral and cross-industry level, but also involve other stakeholders. The current and future trends in the labour market and the economy should have a prominent place in these dialogues. The consultation seminar organised by the European Commission on the EU Pillar of Social Rights have been particularly welcomed.¹

1.2. Four key challenges EU labour markets are facing

A first section of the EU Commission Consultation document focuses on current challenges and labour market problems that need to be addressed. While broadly sharing the analysis of the European Commission, the World Employment Confederation–Europe aims to highlight four specific challenges, which are particularly relevant for the employment industry in Europe. These are linked to the need to adapt and reform labour market regulation, increase labour market participation and diversity, to address challenges skill mismatches.

- A major challenge the EU economies and labour markets are currently facing is that national labour market regulation does not keep up with the speed of change that is characteristic for the labour markets in Europe. While new production patterns are emerging, such as on-demand work and new work patterns are being introduced especially through online talent platforms, labour market regulation is not adapting to these changing realities. While the competence and role of the EU institutions in defining labour standards is and should remain fairly limited, the World Employment Confederation–Europe believes that there is a need for a broad dialogue on the need for an EU level discussion on appropriate labour market reforms and on adapting labour markets to the changing world of work. For the employment and industry, this implies the need to review restrictions on agency work activities and to lift those restrictions that are unjustified. At the same time, new forms of employment that are based on the collaborative or sharing economy need to be monitored, also considering whether national or European policies on these forms of employment may be needed to ensure a level-playing field with regard to basic employment and working conditions associated with different forms of work and labour intermediation.
- A second, key challenge is related to the need to increase labour market participation and diversity. In 2014, the employment rate in the EU of persons at working age (15-64) rose to 64.9%, an increase by +0.8% compared to 2013. At the same time, there are significant differences and divergences between the EU Member States. The employment rate for the population aged 15-64 exceeded 70% in six EU

¹ The World Employment Confederation–Europe had the opportunity to participate in and contribute to two of these seminars.

Member States, with the highest rates recorded in Sweden (74.9%), the Netherlands (73.9%) and Germany (73.8%). Four EU Member States did not reach 60% and the lowest employment rates were observed in Greece (49.4%), Croatia (54.6%), Italy (55.7%) and Spain (56.0%). Raising the employment rates and increasing labour market participation, especially by further unlocking the role of the employment industry in creating quality jobs needs to be an important priority in the countries with high unemployment rates.

- A third challenge is linked to changing skill needs in Europe. The European Commission has highlighted this aspect already in the recently published “New Skills Agenda for Europe”. In this context, the EU Commission underlined the need to invest in basic skills, but also to develop higher and more complex skills, such as digital competences, entrepreneurship, problem solving or financial literacy. Particularly digital skills are becoming increasingly important for a broad range of professions and jobs. The number of ICT professionals is expected to almost double to 756,000 by 2020, while also an increasing number of non-ICT jobs require certain digital skills and computer literacy.²

There is also a need to address challenges linked to (work) migration. The past year and months have shown that the EU Member States are affected in different forms and to different degrees by the refugee and migration crisis. Statistics published by Eurostat show that Germany, Italy, Sweden and (to a slightly lesser extend) France have been strongly. In 2015, EU Member States received 1,255,640 first time asylum applications, a number more than double that of the previous year. In the short term, the migration crisis implies challenges in terms of managing migration flows, in providing accommodation and treating asylum requests, while in the longer term there is a need to ensure the labour market integration of these refugees and migrants who obtained a residence and work permit. For this group of refugees and migrants, there is a need to carry out skill assessments, profiling and to provide advice and support for their labour market integration. The employment industry, mostly in cooperation with public employment services, can provide a significant contribution in this context.

1.3. How to take account of different employment and social situations in Europe?

The previous section, in which the three main challenges have been identified, clearly showed that that there is no “one-size-fits-all” approach to employment and social challenges in Europe. At present, some EU Member States, such as Greece, Spain and Italy, continue to be confronted with high unemployment rates, while other countries, such as Austria, Netherlands and Germany are confronted with skill shortages and high employment rates. This implies the need to develop a tailor-made approach to labour market challenges, directly focusing on the most pressing needs, while respecting the principle of subsidiarity and proportionality.

At the same time, the fact that there is no one-size-fits all approach does not imply that there is no or a very limited role for the EU institutions. EU action and policies to enhance and restore convergence between EU Member States should focus on promoting mutual learning and the exchange of best-practices in the context of the European Employment Strategy. Developing uniform benchmarks for all EU countries must be seen more critical, as it would not respect the diversity of national labour market models and traditions. EU activities and interventions should be focused on the most pressing labour market challenges identified, namely adapting labour market regulation, increasing labour market participation and diversity and reducing skill mismatches.

The Europe 2020 European Semester and the country-specific recommendations should be actively used to promote labour market reforms in Europe that drive convergence and adapt labour markets to the changing world of work. A specific focus should be laid in these recommendations on unlocking the contribution of the

² See also: Randstad/KU Leuven: flexibility@work 2016: future of work in the digital age, evidence from OECD countries, 2016. Available on: <https://www.randstad.com/>

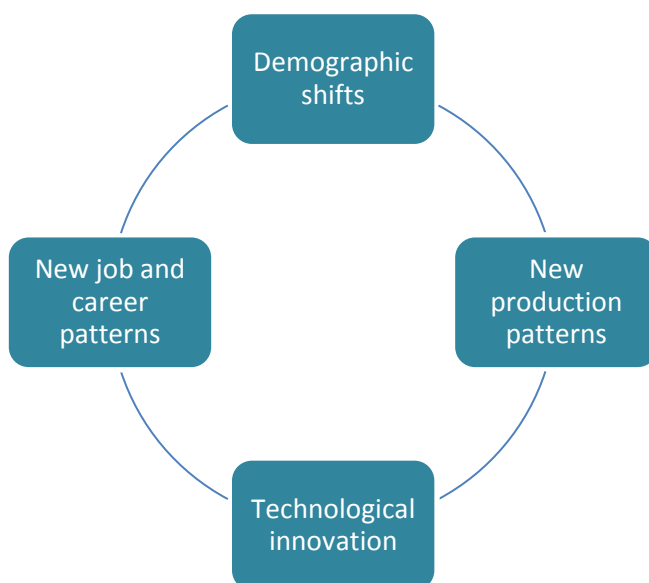
employment industry to inclusive labour markets. At the same time, the European Semester will only be effective, if the recommendations are taken up and implemented by the EU Member States.

With regard to EU legislation in the field of employment and social affairs, the World Employment Confederation–Europe is convinced that the current “acquis communautaire” is largely up to date and appropriate. For some EU Directive, there is, however, a need for better implementation and enforcement. This applies to the Directive on the posting of workers, but also to the Directive on temporary agency work, which limits in its Article 4 the scope of restrictions that can be imposed on temporary agency work. While there is no need to change or amend these Directives, the World Employment Confederation–Europe considers that there might be a need to address new and emerging forms of employment and labour intermediation, such as online talent platforms. The World Employment Confederation-Europe advocates for ensuring that a level playing field between the agency work industry and these new forms of employment is ensured. With regard to all actions in the field of employment and labour law, the EU principles of “Better Regulation” need to fully respected, including the consultation and involvement of EU Social Partners.

2. Labour markets are characterised by a changing world of work

2.1. Main shifts in the labour market, associated risks and opportunities

Labour markets in the EU and worldwide are currently characterised by four fundamental shifts and trends, which are summed up in the diagram. These trends strongly affect work organisation and lead to a transformation of the labour market. The main trends and challenges linked to the Future of Work, as well as related policies and recommendations of the employment industry have been outlined in September 2016 in a strategic White Paper on the Future of Work published by the World Employment Confederation-Europe.³ The EU Pillar of Social Rights will have to respond and address these developments in order to fulfil its role in strengthening convergence in Europe.



Demographic shifts, due to an ageing workforce and low birth rates in Europe. Europe witnesses the clash between its mostly aged demographic system, which are now at around zero-growth and are heading towards future population decline in front of the young, still fast growing populations of neighbouring countries and regions. Such different trends are expected to raise increasing socio-economic problems behind and beyond the Mediterranean Sea.

New production patterns and the extended workforce: The world of work is also changing due to

new production patterns and supply chains. Just-in-time production, the increasing involvement and

³ World Employment Confederation-Europe: The Future of Work: White Paper from the employment industry. September 2016. Available on: www.weceurope.org

dependence on suppliers and the rise of specialisation of production lead to increasing dependencies and patterns of interconnection between different actors in the economy. With regard to HR management, many companies have nowadays reduced the number of staff directly employed, while outsourcing specific projects, relying on the employment industry in case of temporary needs of labour and to fill job vacancies.

Technological innovation: Technological innovation is strongly driving shifts in the labour market in many economic sectors. The increasing automation and the use of robots leads to a destruction and disappearance of many routine jobs, while more highly qualified jobs in programming and ICT are newly created. These technological shifts require the workforce to adapt to changing skill and qualification needs.

Changing job and career patterns: The job and career patterns are increasingly changing. For many workers, a linear career path, in which they acquire a specific qualification in their twenties and then move on the career ladder in the same or fairly similar firms, is less and less common. In a rapidly changing world of work, workers are changing jobs and professions more often, alternate between periods of training and periods on the job and take up professional opportunities at various companies and organisations.

This transformation of the labour market is associated with both opportunities and risks for companies, workers and the society at large. On the risk side, there is a rising trend of complexity, as traditional work and production patterns are changing and new forms of employment are emerging. Labour contractual arrangements are becoming increasingly diverse, implying a need to find new balances between flexibility and security. The rising complexity of the labour market and economy has also led to a risk of increasing polarisation between those in employment and integrated in the labour market and a growing number of people, often also young people and first time entrants who are unemployed or long-term unemployed. Labour market intermediation and career guidance through the employment industry is being increasingly important in this context to reduce risks and challenges in the labour market.

At the same time, the changing world of work is also associated with an even larger number of opportunities and chances. New work and employment relationships can correspond better to the demands of workers and companies, reflecting the trend of individualisation and customisation. As the economy, production patterns and labour markets are becoming increasingly global and interconnected also the labour contractual arrangements need to be adapted to the changing context. The rise of automation and the related decline of standard and routine jobs provide opportunities for workers to take up more skilled jobs, if adequate training for job transitions is provided.

In an increasing changing, agile and dynamic world of work, the role of labour market intermediation through the employment industry is becoming increasingly important. By providing agency work services, recruitment services and flexible HR management solutions (including Managed Service Provision / MSP and Recruitment Process Outsourcing / RPO), the employment industry supports companies and workers in this new environment, navigating in a changing world of work.

2.2. Policies and practices to facilitate the adaptation to the changing world of work

The employment industry provides four main enabling contributions to the labour market, as illustrated in the diagram. These are becoming increasingly important in the changing world of work and in adapting to future labour market needs.

The enabling functions of the employment industry in Europe



This contribution can be further enhanced, if labour market regulation is modernised, unjustified restrictions on agency work services are removed and effective labour market policies are put in place.

The employment industry has also been an important driver of social innovation by developing approaches for the portability and transferability of rights. In several EU countries, sectoral bipartite funds have been established for facilitating access to training,⁴ complementary pension rights⁵ and social benefits,⁶ allowing workers to accumulate social rights during the period in which they work through the employment industry and independent from the current labour contract on which they are employed or the specific work assignments at client companies. The solution found in the employment industry to ensure the portability of rights is thus an important instrument to respond to the complexity and dynamics of the changing world of work.

⁴ In Austria, Belgium, France, the Netherlands, Italy, Luxembourg and Spain

⁵ In France, Italy and the Netherlands

⁶ In Austria, Belgium, France, Italy and the Netherlands.

Solutions developed by the employment industry

Portable & transferable rights via bipartite funds

	Belgium	France	Italy	Luxemburg	Netherlands	Austria
Social benefits						
Training						
Healthcare Schemes (complimentary)						
Health & Safety at work						
Inclusion & coaching						
Pension (third pillar)						

The World Employment Confederation – Europe would strongly welcome a renewed focus on Flexicurity in the context of the EU Pillar of Social Rights. A policy approach which is combining flexibility and security is most appropriate to address the challenges EU labour markets are facing and which have been identified at the beginning of this paper. Flexicurity policies should be based on four main components, as rightly underlined in the EU Commission Communication “Towards common principles of Flexicurity”, adopted in 2007:

- Flexible and reliable contractual arrangements
- Comprehensive life-long learning Strategies
- Effective active labour market policies
- Modern social security systems

The employment industry, and specifically the agency work service it provides, have rightly been classified as embodiment of Flexicurity, contributing to enabling work, adaption, security and prosperity in Europe. The important contribution of the industry to Flexicurity has also been reflected in the signing of a joint declaration of the sectoral social partners in the context of the Flexicurity debate as launched by the European Commission in 2007.⁷

3. Developing an EU Pillar of Social Rights

3.1. General assessment of the EU Pillar of Social Rights: Scope and priority areas

The World Employment Confederation-Europe agrees with the general scope and focus of the proposed EU Pillar of Social Rights. As outlined in the previous sections, a special focus should be devoted to shifts in the labour market and the changing world of work.

⁷ The declaration is available on the [website](#) of the World Employment Confederation-Europe.

Within the debate on new forms of employment and emerging trends in the labour market, it is essential to put a special focus on balancing flexibility and security. Labour market policies and regulation should ensure flexible and reliable contractual arrangements, effective active labour market policies, including the cooperation between public and private employment services, lifelong learning and effective social security schemes. A renewed focus on balancing flexibility and security does not require any revision of EU Directives or Regulations, while some instruments should be better implemented and enforced.

Particularly important for convergence is the exchange of good practices and benchlearning on the changing world of work, as well as reinforcing drivers of job creation and labour market participation. The employment industry is a key driver of job creation, as 80% of the jobs created through agency work would otherwise not exist. On an annual basis, the employment industry creates one million more jobs in Europe and supports 8,7 million Europeans in their job life. This contribution could be further enhanced through structural labour market reforms and by removing unjustified restrictions on agency work.

3.2. Operationalizing the main principles of the EU Pillar of Social Rights

As World Employment Confederation–Europe, we are convinced that three dimensions should be at the centre of operationalizing the main principles of the EU Pillar of Social Rights:

- Firstly, the European Semester for economic policy coordination and labour market reforms should be used. The Europe 2020 country-specific recommendations should be focused on core elements to promote convergence and progress on labour market reforms as well as implementation the recommendations should be ensured by the Member States.
- Secondly, there is a need to foster the exchange of best-practices between EU Member States, to promote benchmarking and mutual learning (“benchlearning”).
- Thirdly, more specific guidance and support can be provided for specific aspects that are important for economic and social convergence, as this is for example already the case for reducing long-term unemployment and for fighting youth unemployment.

Throughout all these three dimensions, specific attention and focus needs to be devoted to the appropriate involvement of social partners, particular at sectoral level, in EU and national level policy making. Social dialogue is key to provide to reform processes leading to more economic convergence and better functioning, European labour markets.

About the World Employment Confederation–Europe (formerly Eurociett): The World Employment Confederation–Europe is the voice of the employment industry at European level, representing labour market enablers.

With 30 countries and 7 of the largest international workforce solutions companies as members, the World Employment Confederation–Europe is fully representative of the industry, both in size and diversity. It brings a unique access to and engagement with European policymakers (EU Commission, European Parliament, Council) and stakeholders (trade unions, academic world, think tanks).

The World Employment Confederation–Europe strives for a recognition of the economic and social role played by the industry in enabling work, adaptation, security and prosperity in our societies. Its members provide access to the labour market and meaningful work to more than 11,6 millions of people in Europe and serve around 1,5 million organisations on a yearly basis.

**LEADING
IN A CHANGING
WORLD OF WORK**