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WEC Positions

Making better matches – WEC-Europe strategic issue paper on labour shortages

Upcoming Events

6 September 2022

Advocacy Day in Brussels for Komeptensföretagen

14 September 2022

WEC/IOE event on platform work

20 September 2022

Visit of an NHO SH delegation to Brussels with a focus on European affairs

21 September 2022

WEC-Europe Back to Work Reception,

WEC Head Office news

We are welcoming two new colleagues at the Head Office: Viktorija Proskurovska as Labour Market Intelligence Manager and Isabella Simões Moura Prado as public affairs intern

Contact us

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Global Public Affairs

WEC/IOE event on Platform Work

The World Employment Confederation together with the International Organisation of Employers (IOE) is organising an important *Business Dialogue on the platform economy as a pathway to income, innovation, inclusion, skills and digital transformation*. The event will take place online on 14th September from 14:00 – 15:30 CET. Click [here](#) to view the agenda and register.

This event is an opportunity to assess the impact of the platform economy on employment issues and examine the debate around the plurality of realities the expression Platform Work encompasses. It will also be an opportunity to review how platform workers are classified, address the rights and benefits of workers, collective bargaining, algorithmic management, social protection, and inclusion.

This event will focus on preparing the employer positions ahead of the International Labour Organization (ILO) Tripartite meeting of experts on “Decent work in the platform economy” to take place on 10-14 October 2022. This is an important meeting as it will provide guidance to inform the ILO Governing Body on a possible general discussion or standard setting on decent work in the platform economy, should the Governing body decide to place such an item on the future agenda of the International Labour Conference.

Assessment and next steps:

WEC has been engaged in the platform work discussion since an early stage and will actively take part the ILO Tripartite Meeting of Experts on Decent Work in the Platform Economy by being represented in the employers’ delegation.

New technologies create vast opportunities for innovation, and wellbeing of societies around the world. Such innovation allowing for new forms of organizing work creates positive opportunities but also includes challenges that need to be addressed.

There are certain elements that WEC considers important to put forward at the ILO Tripartite Meeting of Experts on Decent work in the Platform Economy:

- The risk of potential misclassification of workers. WEC is in favour of genuine self-employment, but we need to address the reality of bogus self-employment; and to advocate for the effective implementation of the regulation in that regard.
- There is a need to take into account the level-playing field and the competition aspect connected to the misclassification of workers based on the underlying business model.
- Platform Work is a technological development, therefore is a way of organising work rather than a new form of work.

WEC global paper on Labour Shortages and Skills

Labour shortages are one of the main challenges in today's labour market. The economic recovery from COVID-19 pandemic has been strong in developing countries and that led to significant labour shortages in a context of labour supply bottlenecks, particularly in Australia, Canada and United States.

Customer-facing industries have particularly been affected by labour shortages, such as accommodation, food services, health, and care-related jobs. This situation can be explained by a cyclical factor: in tight labor markets, workers are more likely to switch for better job opportunities.

Around the world, labour markets reacted differently based on different employment policies. While Europe and Japan relied extensively on job retention schemes making employment rates more stable; in the USA employment rates had a yo-yo effect as workers received generous governmental cash support following a sharp employment drop at the early stage of the pandemic.

This progress is currently threatened by the war in Ukraine and its economic consequences. Today we live in an economy with signs of economic slowdown or even stagnation, combined with high inflation rates. Higher commodity prices and disruption of global supply chains are also a major challenge.

But beyond that, the pandemic triggered structural changes in the labour market and a re-assessment of the concept of work. The salary remains a major factor in people's consideration for leaving their current job; but other factors play a key role as well. The pandemic may have re-set workers' priorities, boundaries between private and professional life have become blurred (as teleworking kicked in) and the realization that life is precious. Additionally, the notion of security, employers' values, purpose, progression opportunities, autonomy and flexibility are of growing importance. In a nutshell, we are witnessing a great re-evaluation of what work means to people.

Assessment and next steps:

WEC Global is currently developing a global policy paper on labor shortages and the contribution of the Private Employment Industry to the labor market, to be released in Q4 2022.

During Q3 2022, WEC has been collaborating to the BIAC "Business Needs You" Campaign on labor shortages by contributing to the messages paper, "Equip people, attract talent, reduce shortages"

WEC Digitalisation Task Force

The World Employment Confederation is committed to supporting its members in the field of digitalisation and the impact of digital technologies on the HR services industry.

To make that happen, WEC set up a Task Force on Digitalisation. The Task Force's mandate is to develop and recommend strategies to inform and educate WEC members on the impact of digital technologies in the HR services industry. Four main focus areas have been identified: Artificial Intelligence, Blockchain, Platform Work and Cybersecurity.

The Task force, lead by John Healy-Kelly & WEC VP, will contribute to:

- Facilitate exchange of views on the opportunities and risks of implementing new technology within the industry
- Provide, in close relationships with WEC Public Affairs groups of experts, policy recommendations on the use of digital solutions within the industry

- Develop and promote when relevant professional conduct and fair competition guidelines/standards within the market
- Engage digital solutions providers for two-way feedback

Assessment and next steps:

The next meeting of Task Force on Digitalisation will take place online on Friday 2nd September. Please reach out to Xavi Gomila should you wish to join that Taskforce.

Peruvian Government to implement measures against outsourcing

After the 180-day term that companies had to adapt to the Supreme Decree No. 001-2022-TR, which makes clarifications to the regulations of Law No. 29245, referring to the outsourcing of services, from 22nd August starts the implementation of this rule issued by the Peruvian Ministry of Labour, Employment and Promotion of 23rd February 2022.

The articles of the Decree include, among others, the following points on which significant fines will be applied:

- If labour outsourcing is used to develop activities that are part of the “core business”
- If outsourcing is used for the development of any activity other than the main activities
- If outsourcing is used as a simple provision of personnel “core to the business” is understood as the corporate purpose of the company.

Assessment and next steps:

This measure, which denotes a lack of understanding of labour markets, will have a strong impact on the entire Peruvian economy. The measure leaves Peru without the figure of the triangular relationships of work between employee/employer/user company of proven efficiency for more than half a century for more flexible and dynamic labour markets.

Informality in Peru is one of the highest in the region. 76.8% of workers lack social protection and/or labour rights. Such restrictions can only aggravate the situation. It is estimated that the measure puts at risk 70.000 jobs in small companies and more than 40.000 in large companies. Also, some 1.000 business could be forced to close.

The ratification of ILO Convention 181 on Private Employment Agencies, and to generate an efficient public-private partnership would increase the employability of Peru’s workers and at the same time have mechanisms that allow easy access to the labour market. The data of the Private Employment Industry about its contribution to formal work is overwhelming.

European Public Affairs

Appropriate industry regulation: Head Office continues to support members

As the summer break at European level is ending, political and regulatory discussions on European labour law are resuming:

- **On the Directive on temporary agency work**, the European Commission is currently finalising a study on cross-border activities in the agency work industry with a view to assess whether there is a need to review or revise the Directive. Based on information obtained by the World Employment Confederation-Europe, it is quite unlikely that the European Commission will respond positively to the demands of the European Parliament and the European trade unions to revise the Agency Work Directive. In parallel, there are several cases on the Directive on temporary agency work pending at the EU Court of Justice with judgements being expected for the Autumn 2022.
- **On the Commission proposal for a Directive on pay transparency**, a mandate for the triilogue negotiations has been adopted by the EP Employment Committee and first triilogue meeting between the Council, the European Parliament and the European Commission took place end of June. Positions of the European Parliament and the Council are quite far from each other, which will make negotiations more difficult. The next negotiation round is planned for October. The World Employment Confederation-Europe Public Affairs Manager Michael Freytag met with the political group advisor for employment and social affairs, Claire Dhéret end of July to highlight the main points of concern for the agency work industry and to discuss workable solutions.
- **On the Commission proposal for a Directive on adequate minimum wages**, the agreement in the triilogue between the European Parliament, EU Council and European Commission has been endorsed by the EP Employment and Social Affairs Committee with a strong majority. The Council has also already welcomed and proved the compromise reached. A summary note on the main elements of the agreed Directive has been prepared by the WEC Head Office and is available on the members area.
- **The new EU Directive on improved work-life balance for parents and carers**, adopted in 2019 enter into full application at national level on 2 August 2022. The Directive sets new rules for paternity, parental and carers' leave and additional rights, such as the right to request flexible working arrangements.
- **On 1st August 2022, the deadline for EU Member States to transpose the Directive on transparent and predictable working conditions into national law ended.** This Directive, on which the World Employment Confederation has been very active throughout the legislative procedure, provides updated rights and social protection to workers, for example with regard to work assignments and working time and information on essential elements of the work and its remuneration. The Directive is a follow-up of the European Action Plan on the Pillar of Social Rights and aims to respond to the fast-changing world of work.
- **On national regulatory challenges:** The World Employment Confederation-Europe continues to support WEC-Europe members facing regulatory challenges, at this stage with a strong focus on Sweden, where new regulation on maximum length of assignments is being discussed. The board of Komptensföretagen (Swedish members to WEC) will be in Brussels on 6th and 7th of September 2022 for meetings with EU policymakers and a Board meeting.

In Norway, a draft law introducing a maximum length of assignments for agency workers has been presented by the government, following the consultation with social partners. Based on a first

assessment, the main concerns of the employers of the agency work industry have not been taken into account when drafting the proposal.

Assessment and next steps:

Regarding EU and national labour law and regulatory topics for the agency work industry, there continues to be strong regulatory pressure and developments of significant concern. At this stage, the most concerning developments centre on political and legislative developments at national level in European countries.

As a reminder, the WEC-Europe Head Office has published its 2022 Regulatory Report, providing an overview of the regulation in place on agency work around the world. The new issue of SERO survey, providing a forecast of possible changes of AW regulation to happen within the next 6 months, will be published by the end of the year.

At European level, several important legislative files will be finalised and formally adopted in the coming months.

Digital labour platforms: Debates at EU level on the proposed Directive are advancing

Mid-July, the European Parliament held a political debate on the EU Directive on platform work and the amendments tabled. The EP rapporteur Elisabetta Gualmini (MEP/S&D/IT) underlined the need to find a workable solution for the legal presumption of an employment and for the correct classification of those performing platform work, who should be either workers or self-employed. She highlighted the need to close existing loopholes and ensure transparency in the use of algorithms. The EPP Rapporteur Dennis Radtke underlined the need to build on the work of the own initiative report of 2021 and was optimistic to get to good compromises. He highlighted the need to extend protection to those who need it most. For the Renew Europe group, Lucia Duris Nicholosoza stressed the need for a balanced solution and supported the European Commission proposal. She underlined that a rebuttable presumption should not lead to the automatic reclassification of all people performing platform work as workers. She underlined that the own initiative report of the European Parliament in 2021 provided valuable solutions.

On behalf of the European Commission, Max Uebe (Head of Unit Future of Work at DG Employment) welcomed the debate, highlighted that the objectives of the proposed Directive were supported. He stressed that the misclassification of workers is a significant issue, while there is a need to recognise and respect the diversity of business models and ways to organise work via digital labour platforms, which can include genuine self-employment and employment relationships in which people performing platform work are employed as workers. Max Uebe said that supervision and control are key to determine the employment status. On the use of algorithms, he underlined the need for human monitoring and oversight.

In July 2022, the European Commission published its [Digital Economy and Society Index \(DESI\) 2022](#). The index monitors Europe's overall digital performance and tracks the progress of EU countries in their digital competitiveness. During the Covid pandemic, Member States have been advancing in their digitalisation efforts but still struggle to close the gaps in digital skills, the digital transformation of SMEs, and the roll-out of advanced 5G networks. Finland, Denmark, the Netherlands and Sweden remain the EU frontrunners. However, even they are faced with gaps in some key areas. With regard to digitalisation, there is an overall positive convergence trend as the EU continues to improve its level of

digitalisation, and Member States that started from lower levels are gradually catching up, by growing at a faster rate.

Assessment and next steps:

The months of September to December 2022 will be crucial in the EU debate on digital labour platforms, as the European Parliament will finalise its first reading position in October and the EU Council is expected to reach a general approach on the proposed Directive by December.

The World Employment Confederation-Europe has assessed the amendments that have been tabled in the EP Employment Committee and prepared voting recommendations for the Members of the European Parliament. In parallel, the World Employment Confederation-Europe is maintaining close contacts with the Czech EU Council Presidency, which is expected to propose in September a new compromise text including an approach on the legal presumption of an employment relationship for people performing platform work.

Inclusive labour markets: Discussing solutions to address and reduce skills and labour shortages

In the months of May and June 2022, WEC put a strong focus on gathering evidence on skills and labour shortages in Europe and worldwide and by developing a European policy paper on the topic. The Strategic Issue Paper developed includes two main sections namely a factual analysis on the main skills and labour market shortages in Europe and a chapter illustrating the role of the private employment services industry. The second chapter focus particularly on the role of private employment services in offering access to the labour market and increasing participation, on investing and enhancing skills and qualifications of workers, on the role of labour market mobility and career transitions with a special focus on the role of the career management industry.

The strategic issue paper has been developed by the WEC Head Office in an inclusive approach, discussing the key messages and recommendations extensively with the European Public Affairs Committee and the Career Management Network. Evidence gathered by the Economic Affairs Committee has been used to a great extent when developing the paper.

Skills and labour shortages are also a key topic of exchange and discussion with the EU institutions and policymakers. In June 2022, the World Employment Confederation-Europe contributed to a strategic meeting of BusinessEurope on the topic and end of June, A WEC-Europe delegation had a meeting with Robert Plummer, Senior Advisor Social Affairs at BusinessEurope to discuss labour shortages and work mobility.

In the context of the Ukraine crisis, the European Commission is developing an EU talent pool which aims to facilitate the matching of people coming from Ukraine with available jobs in the EU. A web portal is being set up and the public employment services play a key role in offering information to people from Ukraine who arrived in the EU and in maintaining a database in which employers can search for candidates. Guidance is also provided by the European Commission on access to training and skills enhancement. Similar solutions are also offered by the private employment services industry and especially the WEC corporate members, as reflected in the WEC Ukraine compendium and on the thematic page of the WEC website.

Assessment and next steps:

The EU and global debates on the skills and labour shortages provide important opportunities to position and profile the private employment services industry, showing the benefits of diverse forms of work in better matching labour market demand and supply, investing in upskilling and reskilling and improving the matching by cooperation with labour market stakeholders.

WEC-Europe policy paper on addressing skills and labour shortages will be published in September and an EU stakeholder event is taking place on 21st September. In parallel, a separate strategic paper will be developed in 2022 on work mobility and legal migration.

EU Sectoral Social Dialogue: New joint project on capacity building submitted and EU Commission initiative on social dialogue review in September

In the context of the EU Sectoral Social Dialogue on temporary agency work, there are several important developments and activities since July 2022:

- A proposal for a new joint project on capacity building for sectoral social partners has been submitted in July 2022. The project builds on the 2020 project on social innovation but focuses more on developing the capacity of national sectoral partners to develop innovative solutions for working, learning and social protection. If the new joint project is approved by the European Commission, it will provide the opportunity for the sectoral social partners for temporary agency work to organise a series of regional capacity building workshops and to develop practical guidance for sectoral social partners at the national level. A formal reply from the European Commission on the project application is expected for end of 2022.
- Following a comprehensive process of EU Sectoral Social Partner Consultations, including a formal consultation phase and a series of thematic workshops and informal exchanges, the European Commission is expected to publish on 28 September. Key elements of the sectoral social dialogue review include better links to policy processes in other departments of the European Commission, a better promotion of social dialogue outcomes and creating synergies between different social dialogue committee and reforms to the organisation and funding of EU Sectoral Social Dialogue Committee meetings and activities. An initial plan of the European Commission to outsource the organisation and management of the sectoral social dialogue committees to the sectoral social partners based on EU grant agreements seems no longer to be within the scope of the initiative to be launched in September, given the fact that this aspect was heavily criticised by the EU sectoral social partners, among others in a joint letter sent in June.
- The next meeting of the EU Sectoral Social Dialogue Committee on temporary agency work will take place on 6 October as a physical meeting in Brussels and with a focus on skills and labour shortages.

Assessment and next steps:

Despite the inability of the EU Sectoral Social Partners for temporary agency work to reach a joint position or a joint commitment to address the consequences of the Russian invasion into Ukraine, the EU Sectoral Social Dialogue on temporary agency work is overall constructive and delivering results. Looking back at the first six months of the year, the joint recommendations on dynamic, inclusive and resilient labour markets, the submission of the joint project on capacity building and the contribution to the EU Sectoral Social Dialogue Review have certainly been important activities and achievements.

Employment and Social Developments in Europe Report 2022

In July 2022, the European Commission published its annual Employment and Social Developments in Europe Report, including a strong focus on the recovery from the Covid-19 pandemic and on youth employment.

- The recovery from the COVID-19 pandemic was not evenly spread. The young (under 30 years of age) still face significant challenges to find jobs, or to find jobs that match their skills and experience. While youth unemployment decreased in 2021, particularly towards the end of the year, it remained 1 percentage point (pp) higher than before the crisis (in 2019). Of those in work, nearly 1 in 2 young people (45.9%) had temporary contracts, compared to 1 in 10 for all workers (10.2%).
- On average, young people are more likely to face a challenging social and financial situation. Already prior to the pandemic, the labour income of young people was more volatile than that of older workers. Households headed by young people experienced more poverty, although there are marked differences across EU countries. Young people faced difficulties in meeting their everyday expenses, such as those for bills and rent, with 61% of them worrying about finding or maintaining adequate housing in the next ten years.
- The challenges young people face depend on their level of education and on their socio-economic background. Young people with secondary education are 19pp less likely to end up in a situation where they do not work and are not in education or training than those with a lower education level. For those with tertiary education, this risk is 28pp lower. Young people from a disadvantaged background are even less likely to be in employment, education or training.
- Gender is another factor prompting inequality amongst young people. When they start their careers, young women in the EU earn on average 7.2% less than their male colleagues, a gap which widens with age. At EU level, only a small proportion of this gap – 0.5pp – results from women's educational achievements, occupational choices, job experiences and the type of work contract they have.

In terms of conclusions, especially the conclusions of the chapter on digital skills for young women and men are of particular interest. Here, the European Commission underlines that the COVID-19 pandemic has exacerbated the challenges for young workers, who experienced major difficulties throughout the crisis. Although education and training activities have increased among young people, socioeconomic background remains highly relevant to individual opportunities. As in previous recessions, it is expected that labour market outcomes for young people will primarily depend on the length of the current subdued economic conditions and once the European economy recovers, young people are expected to be well equipped to contribute to the green and digital transitions.

Collective bargaining and social dialogue remain an important aspect of the EU social model. Young workers have a positive attitude towards social dialogue and evidence suggests that declining trade union membership and collective bargaining coverage are not due to generational change but, rather, reflect structural changes and the employment contracts typical for young workers.

There are several positive and constructive references to our industry in the Report: In the section on digital skills for young women and men, the “testyourselfie” project run by the agency work sectoral social partners in Belgium in cooperation social partners in The Netherlands, France and Luxembourg is quoted as a best-practice example. In the chapter on digital skills for young people, the bipartite training funds of the agency work industry are referred to as an innovative example to organise training for diverse forms of work. In the same section, there is a useful thematic box comparing digital labour platforms and agencies. While it is disappointing that the European Commission uses the terminology

“temporary agencies” instead of “temporary work agencies” the thematic box conclusions are still truly relevant.

At the same time, there are section in the report in which a more differentiated approach would have been welcomed. In chapter 3 on income volatility and resilience, the Employment and Social Developments in Europe Report underlines that “Young workers are subject to changing trajectories in the initial phase of their careers. Mobility and experimentation in the early career stage can serve to develop skills, gain experience, and improve labour market matches and lifetime income. While flexible contracts can facilitate this process and be the first step to job opportunities for young workers, their prolonged use may incur high instability.” Unfortunately, this section of the report does not differentiate between direct fixed-term contracts and agency work regarding resilience and career trajectories, but the assessment is still more positive and balanced compared to earlier editions of the Employment and Social Developments in Europe Report.

Assessment and next steps:

The European Commission Employment and Social Developments in Europe Report 2022 is an important milestone publication of the European Commission, providing important insights in employment and social developments in Europe. It is encouraging to see that the agency work and private employment services industry is referenced positively in the report. The World Employment Confederation-Europe Head Office maintains close contacts with the unit in charge at DG Employment of the European Commission to provide input to the next editions of the Employment and Social Developments in Europe Report.

The World Employment Confederation labour market intelligence tools, such as our annual Economic Report, the global labour market factsheet and the European Employment Barometer provide the relevant and timely input into related conversations and meetings at European level.

The UK parliament approved controversial plan to allow agency workers to replace striking workers

On 11 July, the members of the UK Parliament approved the controversial plan to enable business to supply agency workers during industrial action. The draft bill was approved with 289 to 202 votes, with votes split along party lines with the conservative party supporting it and labour, SNP and other parties opposing the change. The World Employment Confederation and UNI-Europa, international social partners for agency work have issued a joint statement criticising the proposed legislation. In a letter to Kwasi Kwarteng, UK Secretary of State for Business, Energy and Industrial Strategy, UK CEOs of the country’s largest staffing services agencies pushed back on the government’s proposal to roll back a decades-long prohibition of using temporary workers replace strikers.

The objections against this proposal are felt broadly, including agencies as well as trade unions. “The two international social partners (WEC and UNI Global) highlight the need for a constructive tripartite social dialogue at the appropriate level to tackle the issue,” says Bettina Schaller, President of the World Employment Confederation. The Memorandum of Understanding between the World Employment Confederation Corporate Members and UNI Global, signed in 2008, highlights the importance of sectoral social dialogue at national and company level, which is essential to address current labour market challenges. UNI Global Union and the World Employment Confederation Corporate Members have a long-standing agreement that sets guidelines for appropriate regulation of the industry including “prohibition

of the replacement of striking workers with temporary agency employees without prejudice to national legislation or practices.”

“The UK government’s attempt to make strike breaking easier will only pour oil onto the fire of discontent spreading across the country,” says Oliver Roethig, UNI Europa’s Regional Secretary. “Staffing agencies are absolutely right to denounce this type of union busting as bad for business and bad for workers’ rights. We call on them to continue to live up to their values and to continue to resist any change in the UK law to allow this egregious practice.”

Neil Carberry, Chief Executive of the Recruitment & Employment Confederation (WEC UK member), responded to last night’s vote, “We have been clear that repealing the ban on agency staff covering for striking employees will not work. So we regret the results of last night’s vote and look to the upcoming House of Lords debate to raise key issues again. As and when the law does change, we would advise recruitment agencies to tread very carefully. Not all business is good business, and they should consider the potential risks to both their business and agency workers before deciding whether to supply staff to a strike situation.”

Assessment and next steps:

While the UK bill to allow agency workers to replace striking workers is predominantly a national policy debate it is likely to impact also on the European Sectoral Social Dialogue on temporary agency work. The European trade union for services and agency work already indicated that despite the strong, common statement of the World Employment Confederation and UNI-Europa, this development would require follow-up discussions at international level.

Useful resources of international and European institutions

OECD		Labour Market Situation in OECD countries – Update published on 13 July 2022
European Union		Summer Economic Forecast of the European Commission, “Russia’s war worsens the economic outlook,” published on 14 July 2022
European Union		Employment and Social Developments in Europe Report 2022, published by the European Commission on 12 July 2022

Abbreviations

DG	Directorate General, policy department of the European Commission
EP	European Parliament
EPP	European People’s Party Group in the European Parliament
ETUC	European Trade Union Confederation
EU	European Union
ILO	International Labour Organisation
IT	Italy

MEP
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Member of the European Parliament
Non-governmental organisation
Socialists & Democrats Party in the European Parliament
Staffing Executive Regulatory Outlook