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COMMISSION STAFF WORKING DOCUMENT

Employment and Social Developments in Europe 2019

Sustainability and governance: the role of social dialogue

1. INTRODUCTION ⁽¹⁾

Sustainability requires balancing economic, social and environmental objectives and striking compromises between different stakeholders. It challenges the governance system. Objective criteria, such as the foreseeable costs and benefits of policy options should play an important role for decision making. However, finding compromises between different stakeholders will require negotiations between parties with different interests, so to arrive at a common understanding of the issues at stake and of how a compromise could look like. Social dialogue provides arrangements for such negotiations and can therefore help finding compromises to deliver on sustainable development, especially in case of reforms. This chapter will start with linking sustainability and the Sustainable Development Goals (SDGs) to the areas where social dialogue contributes. It identifies four areas of social partners' actions: (1) equality at work, working conditions and workers' rights, (2) inclusiveness, (3) ecologically sustainable economic activity and (4) governance and participation. The chapter will show how social dialogue has contributed so far regarding the social, economic and environmental components of sustainability.

⁽¹⁾ This chapter was written by Sigfried Caspar, Joé Rieff and Evi Roelen.

1.1. Sustainability is a topic for social dialogue

Social dialogue can facilitate the transition towards a more sustainable economy by developing a joint understanding of the challenges and the way to address them. Chapter 2 has shown that both investment and effective institutions are necessary for productivity growth. Accordingly, investments, for instance in skills and infrastructure, can be reinforced by well-functioning institutions that ensure proper management and implementation. Independently of how it is organised, social dialogue helps to create a shared understanding, paving the way for joint actions.

By bringing together workers and employers, social dialogue has the additional advantage of representing a large part of society. Social partners are therefore considered key actors when it comes to reforming and modernising societies and economies. High trade union density and collective bargaining coverage tend to coincide with higher investment in social welfare and stronger trust in public institutions. Moreover, transitions at various levels tend to be managed better if discussed and agreed by the social partners. This is one explanation for associating functioning social dialogue with a perception of stronger governmental effectiveness and accountability.

Sustainability requires compromises which go beyond the topics social partners have focused on so far. Social dialogue traditionally aims at compromises, which directly affect those represented in the negotiations. Sustainability, and in particular its environmental component, aims at compromises for which the consequences are less immediate and where also interests of parties not or less directly represented at the negotiation table (e.g. future generations or workers in third countries) need to be taken into account to avoid negative external effects.

Social partners have gradually broadened their approach and included environmental and social inclusion aspects into their discussions and negotiations. While the Annual Review of Working Life in 2017 explicitly recognises that there was not much national cross-industry social dialogue on greening the economy or environmental topics, it shows that social partners discuss issues, which are not traditional key domains of social dialogue. ⁽²⁾ Attention to these topics, however, differs very much over time. ⁽³⁾ Recent examples of top-level national social dialogue on broader themes are reforms of social security systems, including pension schemes, and increasing employability. In most instances, the discussions also involved third parties, such as the government or training providers. Further examples for broader topics are activation measures for the unemployed in Finland or Poland, the integration of refugees and migrants in Denmark and Sweden, quotas for foreign workers in the Czech Republic and Estonia. ⁽⁴⁾

Broadening the scope of negotiations requires new partnerships and new strategies. The new approaches can generally be divided into two categories:

- Social partners incorporate sustainability aspects more than so far in their programme. They do so for several reasons. Some aspects (e.g. pollution) might have an influence on the quality of life for their members or their members' children or they might negatively impact on the possibility to continue with a certain business model in the longer run. In other cases they might be motivated by solidarity with poorly paid and exploited

workers in third countries and - linked to that - a negative reputation when not taking into account all dimensions of sustainability, can motivate a broader scope of social dialogue.

- Social partners cooperate with other stakeholders, such as environmental organisations or organisations promoting fair trade, which bring on board the necessary knowledge on these relatively new issues.

1.2. Conceptual framework

This chapter links social dialogue to the 17 UN Sustainable Developments Goals (SDGs) by clustering the SDGs into four groups. The SDGs, build on other strategic documents such as the '2020 Energy Strategy' of the EU, with which the European Union had committed in 2010 to reduce greenhouse gas emissions until 2020 by 20%, to increase the use of renewable energy to 20% of the energy consumption and to achieve energy savings of at least 20%. ⁽⁵⁾ These SDGs have been taken up in the Reflection Paper towards a Sustainable Europe by 2030 ⁽⁶⁾ and provide a comprehensive framework for sustainable development, which aims at world-wide recognition, so to allow for a global discourse on the topics included. Social partners can contribute to most of the SDGs, as identified in an issues paper jointly published by the International Labour Organisation (ILO) and the International Trade Union Confederation (ITUC). ⁽⁷⁾ Building on this work, the chapter will be structured around four clusters, defining areas in which social dialogue and social partners' activities impact the SDGs (see *Table 6.1*). These clusters cover the following areas:

- conditions, rights and equality of work, encompassing the key activities of collective bargaining;
- the inclusiveness of working life and society, which includes the integration of groups at risk of marginalisation into the labour market and the link between the area covered by collective bargaining and the bordering areas of social security coverage;
- a resource efficient and environmentally sustainable economic performance, smooth transitions in case of restructuring and

⁽²⁾ Eurofound (2018a).

⁽³⁾ European Commission (2013).

⁽⁴⁾ Eurofound (2018a), p. 29.

⁽⁵⁾ European Commission, COM (2010) 639.

⁽⁶⁾ European Commission (2019).

⁽⁷⁾ ILO-ITUC (2017).

Table 6.1

Areas where social partners could contribute

Potential for social partners' involvement in Sustainable Development Goals

	Equality of work, working conditions and rights	Inclusiveness	Ecologically sustainable economic activity	Governance and participation
GOAL 1: No Poverty	x	x		
GOAL 2: Zero Hunger				
GOAL 3: Good Health and Well-being		x		
GOAL 4: Quality Education		x		
GOAL 5: Gender Equality	x			
GOAL 6: Clean Water and Sanitation			(x)	
GOAL 7: Affordable and Clean Energy			(x)	
GOAL 8: Decent Work and Economic Growth	x		x	
GOAL 9: Industry, Innovation and Infrastructure			x	
GOAL 10: Reduced Inequality	x			
GOAL 11: Sustainable Cities and Communities			(x)	
GOAL 12: Responsible Consumption and Production			x	
GOAL 13: Climate Action			x	
GOAL 14: Life Below Water			(x)	
GOAL 15: Life on Land			(x)	
GOAL 16: Peace, Justice and Strong Institutions				x
GOAL 17: Partnerships to achieve the Goal				x

Note: Comment: x indicates that the respective cluster contributes directly to the SDG, (x) indicates an indirect contribution of the respective cluster towards the SDG.

Source: <http://www.un.org/development/desa/disabilities/envision2030-goal4.html>

- governance and participation, taking into account the contribution to fostering a democratic society.

Cluster 1, on equality at work, working conditions and rights, contributes to:

- No poverty (SDG 1) - e.g. by ensuring minimum wages and better working conditions, including the protection from

arbitrary decisions of management and no arbitrary lay-offs;

- Gender Equality (SDG 5) - e.g. by trade unions promoting equal pay and ensuring transparent and fair treatment of all workers and by employers' considering a well-developed 'diversity management' as a factor increasing creativity and longer term competitiveness;

- Decent Work and Economic Growth (SDG 8) – e.g. by concluding collective agreements, which include health and safety or working time provisions; by the anticipation of changing skill needs and the timely adaptation of workers to new requirements;
- Reduced inequality (SDG 10) – e.g. by negotiating pay schemes which work for different groups of employees.

Cluster 2, 'inclusiveness', has an impact on:

- No Poverty (SDG 1) – e.g. by helping the unemployed finding their way back to the labour market, by training employed to remain part of the working population, by organising – with public support – job creation companies, by supporting transitions in case of mass redundancies or social partner actions to ensure decent pensions;
- Good Health and Well-being (SDG 3) – e.g. by involvement of social partners in the financing and design of the health insurance;
- Quality Education (SDG 4) – e.g. by providing training, which ensures the employability of workers;
- These first two clusters are closely linked to the 20 principles of the European Pillar of Social Rights which was jointly proclaimed by European Parliament, the Commission and the Council at the Social Summit in Gothenburg in November 2017.

Cluster 3, ecologically sustainable economic activity, makes a direct contribution to:

- Decent Work and Economic Growth (SDG 8) – e.g. by maintaining the competitiveness of the economy, promoting decent work and a safe work environment;
- Industry, Innovation and Infrastructure (SDG 9) – e.g. by negotiating the transition towards more environmentally friendly and efficient use of resources. This will allow the industry to implement innovations without leaving people behind;
- Climate Action (SDG 13) – e.g. the transition towards new technologies, such as the transition to low carbon technologies, requires that social partners agree on operational steps and understand the need for joint efforts. The absence of such jointly

agreed strategy causes friction and reduces the social acceptance of such transitions; ⁽⁸⁾

- Furthermore, functioning social dialogue can indirectly contribute to find better solutions for the SDGs 6, 7, 11, 14 and 15.

Finally, cluster 4, governance and participation, contributes to:

- Peace, Justice and Strong Institutions (SDG 16) – e.g. social dialogue can provide a platform for the mediation of conflicts. Different from the new social movements, social partners have well-defined mandates and represent a clearly defined group;
- Partnerships to achieve the goal (SDG 17) - e.g. bringing together different interest groups, finding compromises within and between each side of industry and beyond.

Cluster 4 is distinct from the others, since it emphasizes next to the results of social dialogue also the negotiation process. The benefits of social dialogue are not only in the decisions taken, but also in the negotiations per se.

The chapter will deal with the four clusters mentioned above. Especially, cluster 1 and cluster 3 will rely on data produced for the factor analysis, explained more in detail in chapter 2 of this publication. For social dialogue and collective bargaining, the factor analysis relies mostly on data from the database on institutional characteristics of trade unions, wage setting, state intervention and social pacts (ICTWSS). ⁽⁹⁾

2. ACHIEVEMENTS OF SOCIAL DIALOGUE

The following section of the chapter will discuss social partners' contributions to each of the clusters. The promotion of social dialogue is enshrined in the Treaty on the Functioning of the EU. The 'New Start for Social Dialogue' initiative recognized the importance of social dialogue for recovery and competitiveness. ⁽¹⁰⁾

⁽⁸⁾ ILO ACTRAV (2018).

⁽⁹⁾ Visser (2016).

⁽¹⁰⁾ Initiative started with a high level conference on 5 March 2015 and was supported by a quadripartite declaration of 27 June 2016 (Social Partners, the Netherlands Presidency of the Council of the European Union, the Commission)
<https://ec.europa.eu/social/main.jsp?newsId=2562&langId=en&catId=89&furtherNews=yes&>

This section will provide different examples for the effectiveness of social dialogue and explain how social partners can add to the performance of national economies.

2.1. Equality at work, working conditions, workers' rights

Equality at work, working conditions and workers' rights are core topics for social dialogue and link to the SDGs in the economic and social sphere. They are part of collective agreements and efforts of trade unions are immediately directed at improving the situation on these aspects.

Reducing wage dispersion and ensuring a sufficient income for workers are core objectives of trade unions. Dispersion of labour earnings is an important reason for inequality; it accounts for 88% of income inequality (2015) in the EU.⁽¹¹⁾ Collective bargaining allows workers to secure a share in economic growth and contributes to adequate working conditions.⁽¹²⁾ Workers covered by a collective agreement tend to have higher wages than other workers.⁽¹³⁾

New technologies will lead to the automation of tasks, thus making it necessary to prepare for transitions. Timely and regular updating of skills helps workers to adapt to changing requirements and preparing for new tasks; thus facilitating transitions. Workers with higher skills levels have so far been less at risk of being replaced by machines than low skilled workers. Routine tasks, which require only a low level of skills, are more likely to be automated.⁽¹⁴⁾ However, a recent study by Eurofound⁽¹⁵⁾ suggests that the transition towards a green economy could lead to jobs being created at the bottom and middle range of the wage distribution. This might mitigate the polarisation of the labour market due to automation.

Technological change and globalisation tend to reduce the bargaining power of trade unions. They appear to put pressure on the labour income share.⁽¹⁶⁾ Globalisation, in

particular the threat of off-shoring, reduces the bargaining power of trade unions.⁽¹⁷⁾ Thus it has contributed to the decline of the labour income share over the last decades.⁽¹⁸⁾ Considering these trends, a well-functioning social dialogue plays an important role and remains essential for guaranteeing appropriate wages for workers.

Social dialogue can help to stabilise or increase the wage share. In Germany, Spain and Italy, for example, trade unions have been successful in that respect.⁽¹⁹⁾ The effectiveness is linked to the bargaining structure, such as the degree of centralisation (i.e. whether decisions are taken at company, sectoral or cross-industry, at regional or national level) and the coverage by collective agreements, but also to less measurable factors, such as tradition and the interaction of these different elements.⁽²⁰⁾ In general, higher bargaining power of trade unions increases the labour income share.⁽²¹⁾

Collective bargaining improves social sustainability by reducing wage dispersion.⁽²²⁾ A central objective of collective bargaining is to negotiate wages and working conditions. While the final income distribution is affected by a large number of factors, some patterns can be observed when looking at the distribution of gross earnings and the share of workers covered by collective agreements (*Chart 6.1*). A rather high wage dispersion coinciding with a low coverage of collective agreements can be observed in countries like Latvia, Lithuania, Poland, Estonia, United Kingdom, Hungary and Bulgaria. On the other end, for France, Belgium, Denmark, the Netherlands, Italy, Sweden and Finland high coverage rates coincide with low wage dispersion. There is a third group of intermediate coverage rates with moderate wage dispersion, formed by Slovenia, Malta, Croatia, Germany, Luxemburg, Czech Republic, Greece and Ireland, and, finally, there are six Member States, Slovakia, Romania, Cyprus, Portugal, Spain and Austria showing values which cannot be explained in this context. The extent to which collective bargaining reduces wage dispersion depends on the structure of collective bargaining, i.e. on the degree to which

⁽¹¹⁾ European Commission (2018b), p.115.

⁽¹²⁾ Visser (2016).

⁽¹³⁾ European Commission (2018a), p. 109; Blanchflower and Bryson (2003); Felbermayer et al. (2014).

⁽¹⁴⁾ European Commission (2018b).

⁽¹⁵⁾ Eurofound (2019).

⁽¹⁶⁾ OECD (2018).

⁽¹⁷⁾ Dumont (2006) and IMF (2017a).

⁽¹⁸⁾ IMF (2017a; 2017b) and European Commission (2018a).

⁽¹⁹⁾ Guschanski and Onaran (2018).

⁽²⁰⁾ Empirical evidence is not clear-cut; see Guschanski and Onaran (2018) and Pak and Schwellnuss (2019).

⁽²¹⁾ IMF (2017b).

⁽²²⁾ OECD (2018).

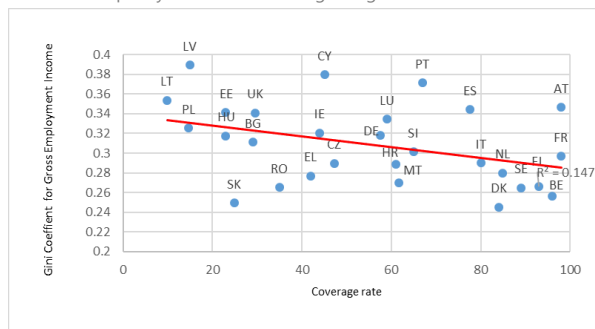
bargaining is coordinated among different national sectors and on the number of workers covered by a collective agreement.

Social partners influence the setting of minimum wages and the financing of the social security system. 22 Member States have minimum wages. Adjustments to these wages, which are important for the lower income households, often involve social partners. ⁽²³⁾ The ability of social partners to influence these decisions largely differs between Member States and over time. Following the crisis, employers successfully argued for wage moderation. With the improved economic situation, in 2018 a number of countries substantially increased the minimum wage. Via their influence in tripartite structures, social partners have substantial impact on who pays how much into the social security schemes.

Chart 6.1

Gross income inequality tends to be lower for higher coverage rates

Income inequality and collective bargaining



Source: Coverage rate: ICTWSS & GINI-Coefficient DG-EMPL calculations, EU-SILC UDB.

[Click here to download chart.](#)

The level at which bargaining predominantly takes place matters. Collective bargaining agreements signed at higher levels cover a larger number of workers, than those at lower levels. Generally, the more inclusive the bargaining agreement, i.e. the higher the wage bargaining coverage, the larger its impact on the wage distribution ⁽²⁴⁾. Company level bargaining allows taking into account individual characteristics and firm specificities. Thus, remuneration to individual educational level is higher in decentralised wage bargaining setting. ⁽²⁵⁾ The level of centralisation of wage

⁽²³⁾

<https://www.eurofound.europa.eu/publications/article/2019/minimum-wages-in-2019-first-findings>

⁽²⁴⁾ Bosch (2015).

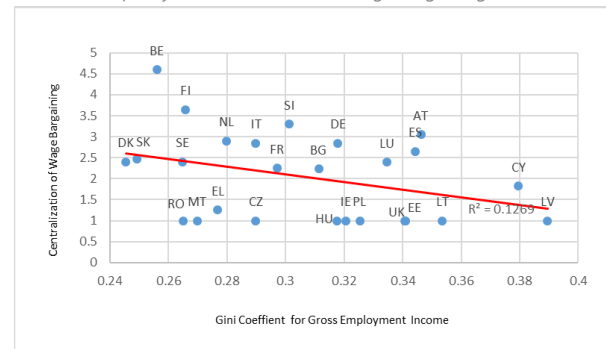
⁽²⁵⁾ Dahl et al. (2013) and OECD (2018).

bargaining differs from one country to another and sometimes also between different areas of an economy. Indicatively four approaches to collective bargaining can be distinguished: (a) centralised collective bargaining, where binding norms or ceilings are established at central or cross-industry level; (b) collective bargaining which alternates between central and industry or sector level; (c) collective bargaining oscillating between sectoral or industry and company level and (d) fully decentralised collective bargaining (i.e. company level only). Centralised wage bargaining involves a levelling of different situations and implies more solidarity between different employment situations. The higher the level of centralisation the less differences of productivity between enterprises can be taken into account but the more employees are likely to get comparable and fair wages. In terms of solidarity between groups of employees: collectively negotiated wages tend to be associated with a lower age premium and lower benefits of higher education ⁽²⁶⁾ than salaries negotiated individually.

Chart 6.2

Higher Centralisation of Wage Bargaining is associated with lower gross income inequality

Income inequality and centralisation of wage bargaining



Source: Centralisation of Wage Bargaining: Visser (2016) & GINI-Coefficient : DG-EMPL calculations, EU-SILC UDB.

[Click here to download chart.](#)

The EU Member States with the highest trade union density show below average rates of in-work poverty, whereas the three countries with the highest in-work poverty rates show an average or below average rate of union membership (see *Chart 6.3*). The most obvious reason for in-work poverty is receiving a low salary. Other explanations are low work intensity or high needs, due to a high number of dependent children for example ⁽²⁷⁾. With their

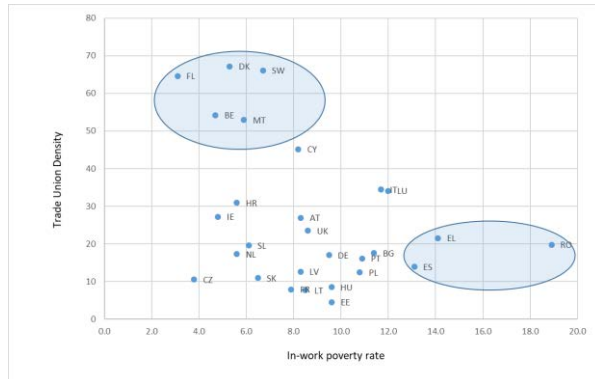
⁽²⁶⁾ OECD (2018).

⁽²⁷⁾ Eurofound (2017).

involvement in welfare and social security policies, as well as through wage negotiation, social partners can contribute to a reduction of in-work poverty and to social sustainability.

Chart 6.3
Countries with a high trade union density have lower poverty rates

In-work poverty rate and trade union density



Source: In-work poverty: EU-SILC (2016) survey [ilc_iw01]. Trade unions density: OECD - ICTWSS database and Visser (2016).

[Click here to download chart.](#)

Workers represented by a trade union or works council are more likely to consider their pay as appropriate (Chart 6.4). The company level thereby matters, because it allows for a complementary individualised assessment of each worker's situation. This additional possibility of raising concerns and being involved in the process of wage determination increases the chances that an outcome is considered fair. ⁽²⁸⁾

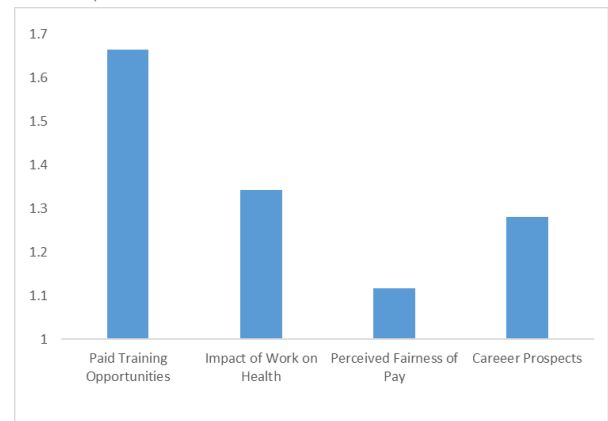
Going beyond wages, collective agreements deal also with working conditions and workers' rights in a broader sense. They regulate, for example, the organization of work, such as foreseen working hours, or access to continued training. It is an instrument to help adapting to economic and technological changes, cyclical downturns or international competition. ⁽²⁹⁾ At the company level, social dialogue improves the working environment. Chart 6.4 shows that workers are more likely to overall report good working conditions, if a workers' representation is ensured in the company, as opposed to companies with no representation. Hence, social dialogue adds to good health and dignified working conditions, which are important aspects of social sustainability.

⁽²⁸⁾ Cloutier et al. (2012).

⁽²⁹⁾ TUAC (2018).

Chart 6.4
Employee representation improves the quality of work environment

Chances (odds) for workers of enjoying good working conditions (four different indicators) in firms where there is a works councils/trade union representation.



Note: The odds are expressed relative to workers in firms without a works councils/trade union representation (for which it is normalised to a value of 1).

Source: Own Calculations based on EWCS (2015).

[Click here to download chart.](#)

Trade union and work councils are positive for training opportunities:

where a trade union or works council represents employees, the chances of receiving paid training are 66% higher (Chart 6.4). ⁽³⁰⁾ Social partners' involvement in professional training are manifold. For instance, in Finland, they are – in close cooperation with national authorities – running campaigns to increase the attractiveness of VET and they contribute to new training and education curricula in the national training and education committee. ⁽³¹⁾ Technological change and greening of the economy require workers to participate in lifelong learning in order to improve their skills to be able to keep up with the changes in the labour market.

The probability of taking up vocational training differs according to firm size and skills levels.

Different socio-economic factors, such as the type of company, age or educational background, affect the likelihood of taking up paid training. In general, workers that are older, low-skilled, working on temporary contracts or in smaller firms are less likely to undergo training. This is presented in Chart 6.5, Chart 6.6 and Chart 6.7. Accordingly, individuals working in jobs requiring only low skills are less likely to participate in lifelong learning, as compared to those working in high skill occupations. Beyond that, firm size is an important determinant. However, when taking into account the presence

⁽³⁰⁾ OECD (2018).

⁽³¹⁾ Cedefop (2014).

of trade union or works council representation, firm size becomes a less important determinant for taking up paid training (Chart 6.6).⁽³²⁾

Trade union presence helps less skilled to access training. The impact of trade unions or works councils (Chart 6.7) appears to be strongest for service and sales workers, followed by workers in elementary occupations. Other groups benefit as well, however, the impact is less pronounced.⁽³³⁾

Chart 6.5

Less skilled workers in smaller companies are less likely to receive training

Chances (odds) for different groups of employees of recently having received training, relative to a reference group (grey bar), 2016



Note: For the respective reference group the odds are normalised to a value of 1.

Source: Commission's calculations based on LFS, 2016. The baseline level is in grey.

[Click here to download chart.](#)

Company level social dialogue has a significant impact on the perception of individual career prospects Chart 6.4. The chances that employees are of the view having a job with better career prospects are 28% higher, if a trade union or works council is present in the company or organization. This links with the better training opportunities, but also to unions requiring management to implement transparent and fair human resource development strategies.⁽³⁴⁾ This will be dealt with later on in the chapter. A finding of the analysis is thereby that trade unions have a positive impact irrespective of the sector or the

⁽³²⁾ In Chart 6.4, the estimations are for all Member-States and occupations. The graph represents the odds of receiving training when working in a company of 250+ employees or a company with 10 to 249 employees respectively, as compared to working in a company of 2 to 9 employees. The regressions correct for gender; type of contract (no contract, traineeship, temporary employment agency contract, contract of limited duration, contract of unlimited duration); education (ISCED levels 1- 6); age; country effects and occupation (ISCO, one digit). The dependent variable is whether or not a worker took up paid training in the last 12 months.

⁽³³⁾ ILO (2012), associating the International Standard Classification of Occupations (ISCO) with the skills needed within the respective occupation to carry out the main tasks.

⁽³⁴⁾ Peters et al. (2017).

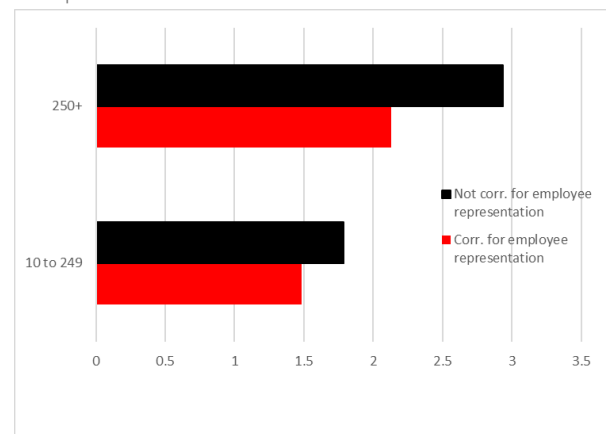
occupation. Thus, trade unions have the potential to improve career prospects for all workers, independent of their skill-level.

Where trade unions and works councils are present, workers have a more positive perception of the impact of their work on health. The chances that a worker perceives that his or her health is not negatively impacted by work, is 34% higher if (s)he is represented by a works council or trade union. This goes, however, along with an increased awareness of the health risks incurred with the job. In many countries, social partners are key actors in supervising, monitoring and implementing regulations relating to health and safety at the workplace.⁽³⁵⁾ In Sweden, for example, trade unions organize a system of regional safety representatives, who monitor health and safety issues at work. Furthermore, a safety committee needs to be set up in companies with more than 50 employees. In Austria, social partners are directly involved in public accident insurance, which is autonomously managed by social partners.⁽³⁶⁾ In France, companies with more than 50 employees are required to have Workplace Health and Safety Committees (Comité d'hygiène, de sécurité et

Chart 6.6

Smaller firms' training disadvantage diminishes with employee representation

Chances (odds) of having recently undergone training by size of the workplace



Note: Odds are normalised to a value of 1 for small workplaces with less than 10 workers. Red bars control for the existence of an employee representation.

Source: Own calculations, based on EWCS (2015).

[Click here to download chart.](#)

⁽³⁵⁾ Eurofound (2009).

⁽³⁶⁾

<https://www.auva.at/cdscontent/?contentid=10007.671280&viewmode=content>.

des conditions de travail).⁽³⁷⁾ These committees are formed by workers' representations together with the heads of the companies and they monitor health and safety issues at work. Employee participation appears to be particular relevant in designing and implementing measures to prevent psychosocial risks. A recent survey indicates that on average (EU-28), 63% percent of the companies report that employees were involved in addressing the different risks.⁽³⁸⁾ On average, respondents in larger companies are more likely to respond that their work is impacting their health positively.

Chart 6.7

Low-skilled workers are less likely to participate in training

Effect of Trade Union presence on paid training opportunities for different groups of employees



Source: Own calculations based on EWCS (2015). In order to analyse whether the effect of trade unions on paid training opportunities differs across different occupations, separate regression have been run for the separate occupations. Due to a low number of observations, occupations related to skilled agricultural, forestry and fishery work were not retained

[Click here to download chart.](#)

Gender equality is an important aspect of equality at work and for social dialogue. It is as such a SDG goal (SDG 5). Jointly social partners set rules and fight stereotypes. The activities thereby range from equal pay for equal work, similar career perspectives for both sexes to advertising parental leave for fathers and mothers etc. From an employer perspective, the benefits are the better use of the labour force potential, more diversity and an overall better work-life-balance with related lower levels of sickness. At the European level, this has been on the agenda since many years. The cross-industry social partners concluded a framework of actions on gender equality in 2005.⁽³⁹⁾ This agreement

⁽³⁷⁾ See <https://travail-emploi.gouv.fr/sante-au-travail/les-acteurs-et-interlocuteurs-de-la-sante-au-travail/comite-d-hygiene-de-securite-et-des-conditions-de-travail/qu-est-ce-qu-un-chsct/article/le-comite-d-hygiene-de-securite-et-des-conditions-de-travail-chsct>.

⁽³⁸⁾ EU-OSHA (2016).

⁽³⁹⁾

<https://ec.europa.eu/social/main.jsp?catId=521&langId=en&agreementId=1171>

was followed by further more concrete action plans in specific sectors at the EU level, such as in central and local and regional government administration. For local and regional government administration also a joint initiative to close the gender pay gap has been recorded. Social partners from the transport sectors cooperate to attract women to their sectors (e.g. in rail, urban public transport and Shipping) and have joined the "Women in Transport – EU Platform for Change"⁽⁴⁰⁾ which was launched by the European Commission. Also at the national level social partners – sometimes encouraged by the legislator – are taking initiatives to promote gender equality at the work place.

Overall collective bargaining contributes to fairer and more sustainable wage structures.

However, sometimes specific professional groups advocate successfully a rather segmental interest, thus creating the perception of unfairness and non-sustainable solutions being promoted by social partners. In general, such problems are less relevant if unions represent a broader membership, since they are then required to balance the expectations on collective agreements for different professional groups already internally. This suggests that a certain level of centralisation and coordination of collective bargaining increases its social dimension.

2.2. Inclusiveness

A lack of inclusiveness is perceived as a major threat to our societies. Over two hundred years ago, the father of modern economic theory, Adam Smith, asserted that "no society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable".⁽⁴¹⁾ The European Commission states the need for active inclusion, and defines that this means enabling every citizen, notably the most disadvantaged, to fully participate in society, including having a job.⁽⁴²⁾ In practical terms, this includes adequate income support, inclusive labour markets and access to quality services. Also in this area, which reaches beyond traditional social partners' activities, they can make a crucial contribution to the SDGs.

⁽⁴⁰⁾ https://ec.europa.eu/transport/themes/social/women-transport-eu-platform-change_en

⁽⁴¹⁾ Smith (1776), Chapter 8.

⁽⁴²⁾

<https://ec.europa.eu/social/main.jsp?langId=en&atId=1059&>

Well-functioning social protection systems are recognised as a key element of sustainable development. Social protection links to the SDG 3 'Good Health and Well-being'. A Council Recommendation on access to social protection for workers and self-employed encourages Member States to provide everyone who works with access to social protection schemes.⁽⁴³⁾ Since such schemes are often financed through contributions of employees, jobless and also self-employed find themselves frequently excluded from social protection. ETUC has argued for the importance of providing protection for all⁽⁴⁴⁾ and employers have also been active in this respect.

Sectoral social partners have taken initiatives to strengthen and extend social protection at the European and national level. For instance, Italian railway workers went on general strike several times in 2018 defending the extension of social protection rights and working conditions to all workers in the sector, including those sub-contracted⁽⁴⁵⁾, clearly striving for more inclusiveness. ETUC is arguing to include platform workers into social protection schemes.⁽⁴⁶⁾ Also initiatives of platform workers, such as Uber-drivers or Deliveroo-riders to benefit from workers' rights and the inclusion in social protection schemes have been registered.⁽⁴⁷⁾ The European Network of Agricultural Social Protection Systems (ENASP) is active in six Member States, Austria, Finland, France, Germany, Greece and Poland, with altogether 12.3 million beneficiaries, a budget of EUR 46.79 billion per year and covers all aspects of social protection of the rural population, with independent farmers and their families as main beneficiaries.⁽⁴⁸⁾ Further examples can be found in the live performance and audio-visual sectors, where trade unions advocate the "access to social protection to all workers, including genuinely self-employed workers and those in non-standard forms of employment, and no

matter the duration of the employment relationship" ⁽⁴⁹⁾.

Trade unions support inclusiveness, beyond the borders of their membership. For example, in the European agriculture sector, where around 4 million people work across borders on a part-time, often seasonal, basis and some have no written employment contracts, trade unions take initiatives. The European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT) together with its national affiliates help these temporary workers by informing them about their rights, reducing problems related to social insurance and representing them before national authorities and courts. Many of these temporary workers are not members of a trade union, neither in their country of origin, nor in their country of destination.⁽⁵⁰⁾

Social partners also foster inclusiveness beyond Europe. There are a few Transnational Company Agreements (TCAs), such as the Bangladesh accord, the framework agreement between Vinci-QDVC and BWI (Builders and Woodworkers international) and the framework agreement on living wages, which was signed by IndustriAll and garment companies. These agreements focus on social sustainability, defined as certain minimum working conditions for workers in developing countries. These agreements react mainly to very specific problems on which European media had reported widely, namely the fire in the garment factory in Bangladesh, the mistreatment of construction workers to prepare Qatar for the football championships in 2022 and the poor pay in some countries with a strong textile sector. Also company-level agreements ensure certain minimum standards in countries outside Europe. For example, the framework agreement between Acciona S.A., Building and Wood Workers' International and CCOO Construction and Services and MCA-UGT, which aims at promoting the principles defined in the Universal Declaration of Human Rights, the ILO Tripartite Declaration, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.⁽⁵¹⁾ The Global Agreement on Environmental and Social Responsibility between

⁽⁴³⁾ <https://ec.europa.eu/social/BlobServlet?docId=20982&langId=en>

⁽⁴⁴⁾ <https://www.etuc.org/en/theme/social-protection-policy-social-inclusion>

⁽⁴⁵⁾ <https://www.etf-europe.org/etf-backs-italian-railway-workers-in-strike-action/>

⁽⁴⁶⁾ Prassl (2018).

⁽⁴⁷⁾ European Parliament (2017).

⁽⁴⁸⁾ ENASP (2015).

⁽⁴⁹⁾ Debate on the application of the anti-cartel provisions of Art 101 TFEU to the self-employed.

⁽⁵⁰⁾ EFFAT (2018)

⁽⁵¹⁾

<https://ec.europa.eu/social/main.jsp?catId=978&langId=en&agreementId=258>

Auchan Retail International and UniGlobal and UniCommerce establishes a forum for information and dialogue between the signatories and confirms the importance of following best business, environmental and social practices, wherever the company is present. ⁽⁵²⁾

Social partners contribute to the design of inclusive education and training. Good quality education and training is important to succeed in the labour market. In many European countries social partners participate in designing vocational education and training programs, also reaching out to groups, which are difficult to integrate into the labour market. The involvement of social partners in the governance of VET systems ensures the relevance of the curriculum and provides in-work training opportunities, facilitating the transition into employment. It is a factor underpinning the success of these systems. ⁽⁵³⁾ In Denmark, a council appointed by the social partners is responsible for making recommendations on new initial vocational training programs, before being approved by the Ministry of Education. Lithuania and Slovakia have advisory bodies in which the social partners advise the government on vocational education and training. ⁽⁵⁴⁾ In Austria and Germany, social partners are a central stakeholder in the development of apprenticeship schemes. They are represented on the regional and federal boards, providing opinions on new apprenticeships schemes. Furthermore, they prepare the training regulations and training standards and are represented in examination boards. ⁽⁵⁵⁾ In Luxembourg, employers and employees are organised in five professional chambers, which are consulted on all major decisions related to VET. These chambers are involved in the identification of training and qualification needs, the revision and elaboration of training curricula frameworks, the organisation of initial and vocational education and training in secondary schools and training companies and they assess the quality of the VET system. In 2008, the legal framework for the VET in Luxembourg was

decided in partnership between the employers' and employees' chambers as well as the government. ⁽⁵⁶⁾

2.3. Ecologically sustainable economic activity

Maintaining welfare, growth and social cohesion, while using natural resources in a sustainable way, avoiding pollution and limiting greenhouse gases are the key elements of the ecological dimension of sustainability.

Trade unions are working on the subject of ecological sustainability since many years at international, European and national level. In 2010, ITUC adopted a 'Resolution on combating climate change through sustainable development and just transition', developing the concept of just transition. This has become a key concept, which recognises that ecological questions are social questions.

The approach of trade unions towards ecological topics has evolved over time and is still heterogeneous. Already in 1996, the German trade union association DGB included the achievement of an ecologically sustainable development into its policy objectives. ⁽⁵⁷⁾ Research on the subject with substantial involvement of trade unions, dates back many years. ⁽⁵⁸⁾ For the Austrian trade unions, a shift has been observed from non-activity on ecological issues towards their active support. For instance, in the period 1970-1990s, Austrian trade unions were on several occasions unfavourable towards ecological concerns and they were much more inclined to take on board economic considerations. In doing so, they positioned themselves as opponents of environmental movements. As from the year 2000 onwards, however, their position has changed. The 'job versus environment dilemma' was replaced by a more ecological approach. ⁽⁵⁹⁾ Contributions from trade unions reflect thereby also an internal debate. One position suggests that the transition to a green economy should be seen as an evolutionary process, requiring the economic and social system to undergo major reforms. However, the fundamental rules should remain in place. The alternative position

⁽⁵²⁾

<https://ec.europa.eu/social/main.jsp?catId=978&langId=en&agreementId=289>

⁽⁵³⁾ ILO (2018a).

⁽⁵⁴⁾ European Commission (2016).

⁽⁵⁵⁾ <https://www.apprenticeship-toolbox.eu/social-partners-companies/involvement-of-social-partners/12-involvement-of-social-partners-in-austria>.

⁽⁵⁶⁾ <https://www.apprenticeship-toolbox.eu/social-partners-companies/involvement-of-social-partners/38-involvement-of-social-partners-in-luxembourg>.

⁽⁵⁷⁾ DGB (1996) (still valid).

⁽⁵⁸⁾ Blazejczak et al. (1998).

⁽⁵⁹⁾ Soder (2018).

suggests the need for a more radical approach, prominently advocated by the De-growth movement. This position questions the existing socio-economic model's capacity to reach the sustainability goals and demands an overhaul of the current focus on economic growth towards broader environmental and social objectives. ⁽⁶⁰⁾

Enterprises and their representatives increasingly position themselves towards the sustainability goals in general and the emission reduction targets in particular.

A recent BusinessEurope position paper supports the EU ambition of net-zero greenhouse gas emissions (climate neutrality) to reach the objectives of the Paris Agreement but it asks for attention to the framework conditions. ⁽⁶¹⁾ In the position paper on expectations from COP24, BusinessEurope stressed the need to adopt a strong rulebook, putting emphasis on monitoring, verification and accounting rules. A major concern is the absence of equally strong positive actions from some major Non-EU economies. ⁽⁶²⁾ The report on European Business' Views on a Competitive Energy and Climate Strategy states in the foreword that 'the strategy is not the end of the road, but rather the beginning of a new chapter', suggesting that there are also internal discussions ongoing in BusinessEurope. ⁽⁶³⁾ The other cross-industry employer organisations, representing small and medium sized enterprises (SMEunited) and the European Centre of Employers and Enterprises providing Public Services and Services of general interest (CEEP) follow a similar approach. ⁽⁶⁴⁾ SMEunited stresses that SMEs are key to fight climate change, while also stating the need to support SMEs in this transition. ⁽⁶⁵⁾ The energy intensive industries, which will have to go through significant transformation, have become very active in the debate on how they can

transition towards carbon neutrality asking recognition on the framework conditions that they see as necessary. ⁽⁶⁶⁾

The diversity of organisations affiliated to the cross-industry employer organisations makes determined action difficult.

The cleavage on the side of the organised employers is not about whether sustainability requires substantial reforms or a paradigm shift, but more whether substantial reforms with strong governmental intervention are needed, or whether this could be left largely to the markets and to cost-efficient innovation processes. Organisations such as 'The Prince of Wales's Corporate Leaders Group' follow a distinct 'green' agenda and could mark the start of a trend. ⁽⁶⁷⁾ Table 6.2 shows that most economic activities are likely to benefit from the transition towards a low-carbon economy. A positive approach increases the probability of being able to shape the policies and restructuring, imminent or already under way.

Social partners understand the need for action to avoid global warming of more than 2°C.

For instance, EU cross-industry social partners have agreed on a statement 'Tapping the potential from greening the economy for jobs creation' (30/05/2017), in which they recognise that achieving the Sustainable Development Goals 'requires further efforts, in particular a greener and more sustainable growth' and that this implies considerable investment and skills-related initiatives. Furthermore, they promise to support this transition process, without, however, going into details what sort of commitment they are willing to take.

Measurable progress towards embracing the ecological challenges has been slow so far.

Already in the report Industrial Relations in Europe 2012 the situation is summarised as 'The role of the social partners in the transition to green and greener jobs has been gradually increasing in recent years. However, more needs to be done to build a lasting and sustainable social dialogue that can help to meet the challenges posed by the move to a competitive, low-carbon and resource efficient economy.'

⁽⁶⁰⁾ e.g. Pochet, P. (2017).

⁽⁶¹⁾ BusinessEurope, 29 April 2019: <https://www.busseurope.eu/publications/european-business-views-competitive-energy-climate-strategy>

⁽⁶²⁾ BusinessEurope: Our expectations from COP24, Position paper of 30/11/2018 https://www.busseurope.eu/sites/buseur/files/media/position_papers/iaco/busseurope_cop24_statement.pdf

⁽⁶³⁾ BusinessEurope, 29 April 2019: <https://www.busseurope.eu/publications/european-business-views-competitive-energy-climate-strategy>

⁽⁶⁴⁾ For CEEP see the CEEP Opinion on the Commission Proposal for a "Clean Energy for all Europeans" Package from 16 June 2017

⁽⁶⁵⁾ <https://smeunited.eu/news/smes-are-fundamental-for-sustainability>

⁽⁶⁶⁾ VUB-IES (2018), Industrial Value Chain. A bridge towards a carbon neutral Europe, https://www.ies.be/files/Industrial_Value_Chain_25sept_0.pdf

⁽⁶⁷⁾ <https://www.corporateleadersgroup.com/about>

Comparing this with the statement of EU cross-industry social partners of 2017, progress during these five years was slow. Surveys, undertaken in Germany in 2006 and similarly in 2017, show, that over this period the importance attributed to the responsibility towards future generations has declined. ⁽⁶⁸⁾

Results of social dialogue at national cross-industry level with direct ecological implications concern mainly reactions to governmental initiatives. That was the case, e.g. in Bulgaria, where social partners reacted to the energy directive, in Croatia, where the strategic development planning act was under discussion. An example of bipartite action provided the Belgian social partners. They agreed to develop a mobility budget for employees, including the option for employees to exchange their company car for more sustainable alternatives. ⁽⁶⁹⁾

Some national social dialogue structures are better prepared to negotiate agreements on innovative topics such as 'green issues'. ⁽⁷⁰⁾

Factors which facilitate innovative agreements on green topics are trust between the social partners, high level of competence of the parties negotiating, a cooperative mindset of the parties involved (as opposed to a competitive mindset) and the ability to keep the conflict at the task level, thus avoiding – to the extent possible – that it becomes categorical or personal. Managers from 11 European countries were asked for their views about the cooperation with employees' representatives. For Germany, the Netherlands and Estonia they responded that employee representatives had considerable impact. These are countries where the relations between the social partners are characterised by high mutual trust and a strong cooperative mindset. In two countries with traditionally strong social dialogue structures, Italy and France, managers found the impact of employee representatives rather moderate. For France this was supported by the observation that industrial relations are more categorical (touching on the relationship between the negotiators) than in other countries and that the parties have a remarkably low willingness to approach negotiations with a cooperative mindset. For Italy, remarkably little deviations from the European mean have been found suggesting








that further institutional components, such as labour management regulations, might need to be looked at.

The impact of climate change on industries differs across sectors. In terms of employment, an increase in jobs is expected in the construction, agriculture and power generation sectors, whereas the mining and extraction industry is expected to be negatively affected, especially due to the decline in fossil fuel-related mining. Nevertheless, the energy sector as a whole is expected to experience job gains. This is shown in *Table 6.2*.

Table 6.2

Long-term employment impacts differ significantly across sectors

Sectoral employment impact, difference from baseline in 2050, %

Sector	Share of total jobs in 2015	Range of change in jobs by 2050, compared to baseline
Construction	6.7%	+0.3% to +2.8% 
Services	71.7%	-2.0% to +0.9% 
Agriculture	4.5%	-0.7% to +7.9% 
Mining and extraction	0.5%	-62.6% to -2.9% 
Power generation	0.7%	+3.6% to +22.3% 
Manufacturing (Energy intensive industries)	2.0%	-2.6% to +1.8% 
Other manufacturing	13.3%	-1.4% to +1.1% 

Note: Employment effects from JRC-GEM-E3 and E3ME. Ranges of estimated changes in jobs in 2050 depend on the underlying model and modelling assumptions.

Source: Source: Adapted from European Commission (2018a) pp. 227-229

[Click here to download table.](#)

At the sectoral level, social partners have discussed this transition in various ways. For instance, in 2016, social partners in the extractive industries agreed on a joint position regarding the review of the EU Emission Trading System (ETS) for the post-2020 period. They are in particular concerned about the competitiveness of their sector. Beyond the more defensive aspects of reducing the economic pressure on the sector by suggesting the allocation of free emission rights and stressing the problem of carbon leakage, the social partners also asked for reliable framework conditions and to jointly work on a 'just transition' ⁽⁷¹⁾, fostering a transition to a low carbon economy that is sustainable and fair for those who might be

⁽⁶⁸⁾ Hilmer et al. (2017).

⁽⁶⁹⁾ Eurofound (2018a).

⁽⁷⁰⁾ e.g. García et al. (2015).

⁽⁷¹⁾ IndustriAll, IMA Europe, APEP, euromines, Euracoal, UEPG: Position of the Social Dialogue Committee of the extractive industry with regards to the revision of the EU ETS directive for the post 2020 period, September 2016.

most affected. The chemical sector commits to the COP21 objective and aims at further greening the sector. Also social partners in the electricity sector developed joint positions on COP21 and measures to mitigate social impacts and on the new energy market design. In 2016, the social partners in urban public transport adopted a joint statement 'Towards sustainable urban mobility' ⁽⁷²⁾. The construction sector is elaborating guidelines to improve workers skills for building low energy consuming houses. The metal sector carried out a project aiming at anticipating the consequences of the environmental sustainability agenda on employment and skills in the machine tool & robotics sector. In sum, social partners have adopted a number of documents to deal with the transition to a low-carbon economy. The focus is on reducing the environmental damage caused by the industry and to develop more sustainable practices, in particular in case the economic and employment impact is expected to be positive for the sector.

Greening the economy will have an impact on the structure and organisation of the sectors and on the skills needed to retain employment. Beyond changing skill requirements within companies, greening of the economy might also mean that new companies will emerge and others will disappear and that there might be adjustments between regions. A report from 2012 for example already confirms that a more intensive use of renewables might increase the number of SMEs which often operate in more remote areas, thus making unionisation far more difficult. ⁽⁷³⁾ Another prominent case in that respect is the 'Kohlekompromiss', which was negotiated in early 2019 in Germany. This compromise provides a pathway to phase out within the next 20 years the production of electricity from lignite. The commission that negotiated the compromise consisted of 31 people, representing politics, industry, the regions with substantial lignite mining, trade unions, environmental organisations and scientists. To moderate negative consequences of this phase-out, it was agreed to provide structural support of around 40 billion Euro throughout the process and to facilitate the necessary transitions for the employees. While this compromise has

been criticised as particularly costly, considering the 20000 jobs at stake ⁽⁷⁴⁾, others praise the ability to find a compromise. ⁽⁷⁵⁾

Sustainability might require a change in mindset in some sectors. Sectors with a particular responsibility towards sustainability are agriculture and seafisheries (SDG 14 and 15). These sectors influence directly the natural resources and experience the tension between short-term output maximisation and long-term sustainability. In the agricultural sector, discussions on the future of farming are ongoing. However, much of the transition towards biological farming so far has taken place outside the established sectoral representation structures, indicating that also in the near future progress will depend on the framework conditions. In the seafisheries sector, social partners appreciate the fact that overexploitation of fish stocks has been reduced. ⁽⁷⁶⁾ Other sectors, with a particular responsibility for the transition towards a more sustainable economy are the provision of public utilities, such as water, waste management, or urban development (SDG 6, 7 and 11).

Governments and the European Commission are increasingly involving social partners in climate policies. Since the New Start for Social Dialogue the European Commission has organised three dedicated high level meetings to discuss issues related to the greening of the economy with the European social partners. In some countries, social partners are involved in national industry strategies for the transition to green economy. In some cases, specific consultative bodies have been created. In the Netherlands and Poland, for example, the social partners are involved in the development of Low Carbon Strategies at regional level ⁽⁷⁷⁾. In November 2016, the German government approved its Climate Action Plan 2050, setting out a strategy for becoming greenhouse-gas neutral by 2050. This plan includes for the first time the sectoral targets for the proportional reduction of greenhouse gases, with reductions of respectively 67-66% in construction, 62-61% in energy, 51-49 in industry, 42-40% in transport and 34-31% in agriculture by 2030. A

⁽⁷²⁾ ETF and UITP (Social partners in the local public transport): Towards sustainable urban mobility, March 2016.

⁽⁷³⁾ Eurofound (2012).

⁽⁷⁴⁾ Hermann et al (2018),

⁽⁷⁵⁾ e.g. Mattheß (2019).

⁽⁷⁶⁾ Europêche press release of 17 September 2018.

⁽⁷⁷⁾ ETUC (2016): ETUC Project Industrial Regions and climate policies: Towards a Just Transition? A guide for Trade Unions.

comprehensive impact assessment of these targets has been carried out in the course 2018, the results of which have been discussed with the social partners⁽⁷⁸⁾. The Belgian Federal Council for Sustainable Development, established in 1997, advises the Belgian federal government on its policies towards sustainable development. It focusses in particular on issues linked to climate, environment and biodiversity. Members of the Council are social partners, representing 50 percent of its members with voting right, environmental, development and consumer organisation representatives and scientists.⁽⁷⁹⁾

Social dialogue and tripartite structures support the skills adaptations necessary for a greener economy. Greening the economy changes the production of goods and services. It requires the use of new technologies and therefore changes the demand for skills.⁽⁸⁰⁾ At the company level, social partners improve the prospects of participating in training as discussed in section 2.1. At the sectoral and national level, social partners are active in anticipating skills and restructuring needs. In France, social partners are members of strategic committees identifying further skills needs and jointly manage related training programs.⁽⁸¹⁾ Similarly, in Spain, social partners take part in the process of skills need identification through membership of joint committees within the State Foundation for Training and Employment (FUNDAE). This allows to constantly update training provision in the framework of active labour market policies, to keep up with the needs of the greening the economy.⁽⁸²⁾ Through these efforts, social partners smoothen the transition towards a more digitalised and more sustainable economy.

Next to the inclusion of green topics into existing structures, new formats of dialogue are developed. Social partners cooperate with other stakeholders, thus creating bipartite+ or tripartite+ partnerships. At European level, the involvement of BusinessEurope and ETUC and sectoral social partner organisations such as the food processing industry, the agricultural and the education sector in the SDGs' Multi-

Stakeholder Platform⁽⁸³⁾ is a concrete example where social partners work next to other organisations to prepare for a sustainable development. The other NGOs involved in the process concern, for example the social platform, the European Environmental Bureau, the World Wildlife Fund, and the Fair Trade Advocacy Office. This Platform has provided a contribution to the Reflection Paper 'Towards a sustainable Europe by 2030' (October 2018). The contribution of the platform to the reflection paper concludes that the platform should continue and 'should liaise with and not duplicate any other regular sectoral or topical dialogues with stakeholders at European level'⁽⁸⁴⁾. Agreeing to that means that social partners have accepted that sustainability is an issue for social dialogue but goes beyond industrial relations into a broader social sphere, so that social partner organisations have to work with other stakeholder representatives on most aspects of sustainability. At national level, in Belgium, the Citizen Initiative 'Sign For My Future', a petition launched by civil society, NGOs, universities, employer organisations and company leaders and also supported by trade unions in Belgium was launched on 5 February 2019. The petition requests for a law on climate to become climate-neutral by 2050; an investment plan for climate that enters into force in 2022 at the latest; and the establishment of an independent council on climate to supervise climate policy in Belgium, entitled to make recommendations⁽⁸⁵⁾⁽⁸⁶⁾. The 'Sign For My Future' campaign was launched after several weeks of climate protests by students and the general public. A global strike for the climate took place on 15 March 2019.⁽⁸⁷⁾ In Spain, la Alianza por el clima, which became active in recent years, is a broad cooperation representing amongst others the environmental

⁽⁷⁸⁾ https://www.bmu.de/fileadmin/Daten_BMU/Download_PDF/Klimaschutz/klimaschutzplan_2050_kurz_en_bf.pdf

⁽⁷⁹⁾ FRDO, De Raad, <https://www.frdo-cfdd.be/nl>

⁽⁸⁰⁾ ILO (2018b).

⁽⁸¹⁾ Cedefop (2018a).

⁽⁸²⁾ Cedefop (2018b).

⁽⁸³⁾ https://ec.europa.eu/info/strategy/international-strategies/global-topics/sustainable-development-goals/multi-stakeholder-platform-sdgs/platform-members_en

⁽⁸⁴⁾ SDG Multi-Stakeholder Platform to the Reflection Paper p. 47
https://ec.europa.eu/info/sites/info/files/sdg_multi-stakeholder_platform_input_to_reflection_paper_sustainable_europe2.pdf

⁽⁸⁵⁾ https://www.rtbef.be/info/societe/detail_sign-for-my-future-300-patrons-academiques-associations-pour-le-climat?id=10137487

⁽⁸⁶⁾ <https://arbeidenmilieu.be/>

⁽⁸⁷⁾ EPSU, EPSU Newsletter 20 February 2019, <https://www.epsu.org/newsletter/epsu-newsletter-20-february>

movement, trade unions, farmers and consumer organisations, aiming at promoting an energy model that is renewable, sustainable, efficient and fair. The Italian Coalizione Clima, set-up in 2015, represents organisations from the public sector, trade unions and businesses, schools, universities and citizens. They cooperate on the fight against climate change and aim for a binding agreement to keep the level of global warming below 2 degrees ⁽⁸⁸⁾.

2.4. Governance and participation

Social dialogue and employee participation can contribute to good corporate governance, to social cohesion and to equality. ⁽⁸⁹⁾ Principle 8 of the European Pillar of Social Rights affirms social dialogue and the involvement of workers constitutes principle 8 of the European Pillar of Social Rights. A recent study based on a sample of 14000 European workers finds that employees with greater levels of individual autonomy and voice at work, are significantly more engaged in pro-democratic behaviour and have more trust in democracy. The report concludes that ‘the organisation of work has non-economic implications beyond the workplace’. ⁽⁹⁰⁾ The possibility to actually influence working conditions and the protection provided by a trade union at the enterprise level, are effective means to reduce the feeling of powerlessness and the appeal of right-wing populism. ⁽⁹¹⁾ At European level, the report ‘Benchmarking Working Europe 2019’ shows positive correlations between democracy at work on the one side and employee productivity, employment rate and income equality on the other side. ⁽⁹²⁾

Social dialogue structures change over time. For 2017, Eurofound registers in eleven Member States changes affecting collective bargaining. ⁽⁹³⁾ Some of these changes encourage decentralised collective bargaining, others feature a more centralised, sector-level bargaining. Altogether, there is no clear trend visible. For the period 2000-2013, Eurofound identified in 18 Member States legal reforms that affected collective bargaining negotiations

and processes. ⁽⁹⁴⁾ These reforms range from new laws on collective agreements (Slovenia, 2006) to extending the scope of collective bargaining in public services (France, 2010) or a new social dialogue act, abolishing/weakening collective bargaining processes above company level (Romania, 2010). The aims of these reforms range from strengthening social dialogue and adapting it to new contextual conditions to giving more powers to the government, thus weakening the role of social partners. During the same period in most Member States also deviation clauses and practices, i.e. the possibilities to deviate from higher level collective agreements, were revised. Often this took place to find a new balance between more centralised forms, such as sectoral collective bargaining, and more decentralised forms of wage bargaining. Only for three countries, Belgium, Malta and the Netherlands neither of these two types of changes took place in the period 2000-2013.

Tripartite structures also change over time.

These changes happen in various forms and on various occasions. One example comes from Luxemburg, where the government, in discussion with the social partners, decided to abandon the distinction between workers and employees, moving to a so-called single [employment] status. ⁽⁹⁵⁾ In line with this transition, also a single chamber of employees was created, bringing together two previously existing chambers. ⁽⁹⁶⁾ Trade unions welcomed the reform as it reduced the cleavage between white and blue-collar workers. ⁽⁹⁷⁾ The newly created chamber of employees represents 496000 workers in Luxemburg. The chamber is governed by a board, which is appointed in democratic elections by all those represented by the chamber. Similar processes of merging or assimilating different traditional employment status (worker, employee and sometimes also official) can be found in many Member States. A specificity of Luxemburg and a few other Member States, such as Austria, is the existence of a specific chamber of employees, with a

⁽⁸⁸⁾ ETUC (2018), p.40-45.

⁽⁸⁹⁾ Eurofound (2015a), p. 48.

⁽⁹⁰⁾ Budd et al. (2018).

⁽⁹¹⁾ Hilmer, et al. (2017).

⁽⁹²⁾ ETUI (2019), chapter 4.

⁽⁹³⁾ Eurofound (2018b), p. 19.

⁽⁹⁴⁾ Eurofound (2015b), p. 23 and 33.

⁽⁹⁵⁾ Law of 13 May 2008 on the introduction of a single status, Memorial A, Number 60, 15 May 2008.

⁽⁹⁶⁾ This single chamber of employees was preceded by two separate chambers for workers and for employees.

⁽⁹⁷⁾ See: http://www.ogbl.lu/wp-content/uploads/2011/10/statut_unique_fr.pdf (last accessed: 06.05.2018).

general mandate on all issues related to employment and elected by all employees.

Coordinated systems of collective bargaining are linked to higher employment and lower unemployment than fully decentralised or centralised systems, ⁽⁹⁸⁾ thus indicating that the more sustainable solutions are probably not at the extremes of the coordination spectrum. Finding the right balance between coordination and decentralisation is important, as the organisational power of trade unions and employer organisations has seen a long-term decline. This decline has halted in the recent past, but it might be too early to talk of a turnaround.

There is a growing gap between countries, where social dialogue plays a substantial role and countries where this is not the case. In particular in Central and Eastern European countries, membership density of trade unions and employer organisations has declined, leading to a weakening of social dialogue also in its tripartite forms and lower influence on governmental reforms. On the other side, in the countries with a (rather) stable situation social dialogue has seen a broadening of the collective bargaining agenda. ⁽⁹⁹⁾

Efforts are made to close this gap. Responding to these developments, the European Commission encourages for the next Multiannual Financial Framework, that countries with weak social dialogue structures help their social partners to use European Social Fund Plus (ESF+) support to strengthen their structures. This goes along with the political support and attention provided to national social partners in the context of the European Semester.

The benefits of social dialogue lie also in the partnerships created. This adds to sustainability and more precisely to SDG 17 'partnerships to achieve a goal'. Particularly when dealing with the environmental component, social partners often opt for new partnerships, for instance with environmental organisations. In doing so, they represent not only the interests of workers and employers. Instead, they go beyond, representing an even larger part of society.

Social partner organisations are well advised to include environmental topics in their

programmes. High levels of economic development, low levels of unemployment, together with the presence of tangible environmental issues are important factors to increase support for Green topics. ⁽¹⁰⁰⁾ Under these conditions environmental topics are gaining attractiveness. However the transition towards an environmentally sustainable economy has significant distributional impacts, which require to be managed. ⁽¹⁰¹⁾

A sustainable governance system needs to build on evidence-based and inclusive decisions, requiring the involvement of social partners. Considering the environmental challenges, ambitious changes are urgently needed. This will require the players to go beyond what they consider as their core interests and to show mutual trust in order to be able to make the necessary concessions. Social dialogue allows to produce such compromises. Social partners are key actors when it comes to reforming and modernising societies and economies as they allow anchoring the sustainability project in the society and agreeing on realistic steps. Reaching sustainability without or against them will be even more difficult. Hence, it pays off to involve social partners in restructuring processes and allowing them to manage these processes. ⁽¹⁰²⁾

The role of social partners for a well-functioning governance system can be summarised in four points:

- **Social dialogue can help to absorb sudden shocks.** Member States with strong and cooperative social dialogue structures have overall resisted better to the economic crisis than others. ⁽¹⁰³⁾
- **Transitions, involving social partners, are overall smoother.** Major initiatives to include social partners and to moderate transitions, like the just transition discussion ⁽¹⁰⁴⁾, cause in general less friction because of the negotiation between the relevant stakeholders allows to find the best possible solution. This way of managing transitions stresses cooperation between the government, social partners and experts.

⁽¹⁰⁰⁾ Grant and Tilley (2019),

⁽¹⁰¹⁾ e.g. Strasser (2019).

⁽¹⁰²⁾ ETUC (2016).

⁽¹⁰³⁾ European Commission (2015), p.209.

⁽¹⁰⁴⁾ ETUC (2016).

⁽⁹⁸⁾ OECD (2018), Chapter 3.

⁽⁹⁹⁾ Eurofound (2015b), p. 55.

- **Social partner organisations allow for bundling and voicing interests**, which might not be heard otherwise. This is in particular true for, interests of SMEs and for employees. By representing those groups in decision-making processes, social partners allow for more democratic decisions in every day live.
- **Social partner organisations coordinate internal discussions**. They do not only act towards the other side of the industry or the political decision makers, they also have internal discussions to form their opinion and to balance different, often conflicting, internal views. These internal discussions are necessary to identify the necessary changes and create acceptance for them with the membership. However, sometimes those discussions do not take place or they do not have a sufficient level of openness. In those cases, the respective organisations risk to lose relevance.

3. CONCLUSIONS

Social dialogue contributes to more sustainable societies. However, in order to reach their full potential, social partner organisations and social dialogue need to change further. There is a risk to focus on competitive disadvantages rather than on the potential gains of a more sustainable management.

So far the contribution of social dialogue to sustainability seems to be most effective and important in the core areas of social dialogue, linked to the economic and social sustainability. The chapter finds that social dialogue is an important means to find compromises and where the dialogue functions well, these compromises create a framework to further develop and to ensure that the economy develops in a way that workers are not left behind.

Public authorities set the framework for social partners' negotiations. As sustainability requires to go beyond the direct concerns of social partners, their negotiations are most productive if public authorities provide guidance concerning the objectives to be achieved. Social partners can contribute very effectively to develop transitions once sufficient clear framework conditions have been defined.

A key characteristic of well-functioning social dialogue is mutual respect and trust between the social partners, while acknowledging diverging views and keeping in mind common interests. There are strong indications that these governance related aspects will be critical for developing the innovative solutions needed for a more sustainable society. This comes together with the development of new alliances, such as the involvement of environmental organisations and other groups constituting the civil society.

Well-functioning social dialogue fosters social fairness by improving working conditions without damaging the longer-term economic performance. Collective bargaining tends to reduce wage dispersion, and higher centralisation of wage bargaining is associated with lower income inequality. Employee representation in general improves the quality of the work environment.

Trade unions and employers cooperate on social themes beyond the workplace. They reach out to groups, such as people at the margin of the labour market not necessarily being in a situation of standard or even formal employment.

Climate change and global warming are increasingly on the agenda of social partner organisations and of tripartite discussions. Following a phase in which both employers and workers considered this discussion more ideological there are now signs that both trade union organisations and employer organisations are more pro-active, accepting the necessity to manage this transition. However, concrete achievements – beyond the management of well-defined transitions – are not easy to find.

Social partners strengthen the democratic elements in our society. They allow workers and employees to have a say on different issues linked to their working life and beyond, and in doing so, to be more in control. Furthermore, in particular trade unions are actively involved in the public debate. They provide platforms to discuss new technological developments and what to do to address the environmental challenges, thereby creating new partnerships.

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