

31 March 2021

## European cross-industry employers statement on the monitoring framework on access to social protection for workers and the self-employed

*This statement of the cross-industry European employers BusinessEurope, SGI Europe and SMEUnited reflects the messages made by the employer delegation during the dedicated meeting organised by the Commission with the European social partners on 16 March 2021.*

### General comments

- **Version 0 of the monitoring framework is too complex.** Moving forward to an improved version means to progress towards a more digestible framework **leaving more space for qualitative analysis** of diverse national social systems functioning, and a **use of quantitative statistical indicators** that are selected on the basis of their comparability and accuracy.
- **Before 15 May, it is essential that Member States take the necessary steps to fully involve the national social partners** when preparing their national plans. The Commission and Council's Social Protection Committee chair should also take appropriate steps to make sure that this is the case in practice. Should there be the need to take a little more time for a meaningful involvement of the national social partners, this time should be allowed.
- **After 15 May**, given the absence of an advisory committee on social protection, **European cross-industry employers call on the Commission and the Council's Social Protection Committee to organise a dedicated meeting between the Commission, the Member States and the national social partners to discuss the next steps** based on an analysis of the Commission and Council's Social Protection Committee of the content of the national plans submitted by the Member States.
- The ongoing work on access to social protection focuses on adequacy of benefits to ensure effective coverage without sufficiently taking into account the other side of the equation, which is to ensure the financial sustainability of social protection. **The short-term Covid-related adaptations need to be taken into account, keeping in mind that they are meant to come to an end as recovery will take shape.**
- **For European employers, what is of essence going forward is to ensure that the Commission's and Council's work on social protection better reflects the connection between social protection arrangements and labour markets functioning and outcomes.** Social protection arrangements, including the way benefits are designed, should not only be focused on protecting people in vulnerable situations, but also provide a clear prioritisation of bringing more of the inactive population into employment.

- **From this perspective, it is essential to keep in mind that employers' capacity to hire depends to a large extent on the cost of employing people, and therefore the tax wedge on labour in European countries needs to be better accounted for in social protection debates.** The Commission and the Member States need to be more aware of the need to keep Europe competitive, in view of the non-wage labour costs that apply in other advanced economies like the US and Japan. This is also relevant in terms of how to design the monitoring framework on access to social protection.
- Moreover, in the context of this unprecedented crisis, and as the European Commission and Member States need to put the focus on achieving a quick recovery, **a link with the recent Commission recommendation on Effective Active Support to Employment (EASE) needs to be made**, for example by considering how different forms of financial incentives for employers to hire, e.g. such as tax / contributory deductions; or for jobseekers/workers to work, such as in-work benefits actually deliver in terms of employment creation and participation.
- Finally, social protection is based to a large extent on the basis of contributory insurance-based social protection systems. The most vulnerable people in our societies need to be supported by other means of **social assistance. The way this support is designed and organised should not lose sight of the fact that social policy objectives of this nature are the main responsibility of national governments** rather than employers who employ and pay people on the basis of their actual productivity.

#### *Specific comments*

- **Member States should be able to decide freely how to organise/extend coverage, to which groups of workers and in which branches of social protection.** Only such an approach respects account being taken of the national situation and can be adapted to different types of workers and the situation of the self-employed as defined by Member States under diverse national labour law frameworks.
- **Member States should also decide what is the most appropriate way of making improvements in this area.** For individuals and employers to be able to make use of information, particularly on the rules and conditions of schemes complementary awareness-raising needs to be provided by governments to increase financial literacy and understanding of schemes.
- The Covid crisis has caused unprecedented extension of the existing schemes and appearance of new schemes for the previously uncovered groups. As clear as it is, that these extensions could not be upheld for any distant future, it also shows the potential of a broader contribution to social security systems throughout the labour market as long as EU and national policies keep focus on achieving employment growth.
- It is **positive** that the European Commission has decided to use **both quantitative** (performance indicators) **and qualitative indicators** (context indicators). Qualitative indicators enable to understand national contexts and specificities in which social protection systems operate.
- The **data on formal coverage** gathered through a pilot data collection clearly shows that different labour categories function in different Member States. This observation should be treated as the basic assumption while gathering further data and analysing them. Good understanding of national social protection systems is crucial for accuracy of assessment.
- The available **data on effective coverage and adequacy** derived from EU-SILC and LFS provides information only on the extent to which the social protection systems as a whole can prevent poverty. It is somewhat limited as the source of information. In order to assess the effective coverage and the effects on the income-smoothing function of the social protection systems by branch further significant data collection is necessary.
- The revamped Labour Force Survey should be useful in capturing a greater diversity of statuses and different and measures their incidence. **The context indicators shall always accompany the information** on incidence of specific categories in the labour market to give a complete picture.

- It has to be remembered that the key dimensions of the Recommendation are multi-faceted and leave some leeway for Member States in defining their policies. This is especially important as regards such aspects as **adequacy** that is not defined in a universal form across the Member States.
- While it is very useful to use such data as the Eurostat's data on Income, Consumption and Wealth (ICW) or the future data available through (ESSPROS), it needs to be taken into consideration that these **data is in the experimental or development stage**.
- Furthermore, **available data is scarce and incomplete, which** does not allow for the perfect match between the scope of the Recommendation and the indicators proposed. Sensitivity analysis to be undertaken in the future revisions of this framework is very valuable, but should not replace good understanding of the national social security schemes.
- **The complexity of this framework might lead to a point where the fact of missing or scarce data will get ignored or easily forgotten.** Lacks and shortages of data bear the risk of mixing up terms and categories. To avoid the problems that a "one-size-fits-all" solution (even only in certain areas) presents, a particular scope and accuracy is of the utmost importance when collecting data.
- **For example, agency work needs to be clearly distinguished from the larger and different notion of temporary work,** given the fact that agency workers can either be employed temporarily or under open-ended contracts.
- When dealing with a huge amount of data on such a complex matter, simple solutions can be tempting. A careful and thorough approach must guarantee, that **corelation** is not mistaken for actual **causality** (e.g. the reason for poverty might not always be the form of the contract, it could be the profession itself or any other circumstance as well).
- Also, the **granularity** of data and the resulting indicators are crucial to this matter. Only with the right amount of depth by simultaneously keeping the **manageability** a fair system that is an improvement even on a case-by-case basis can be established. In this respect, **it is important that the monitoring framework evolves towards a more user-friendly framework based on a limited number of comparable indicators.**
- Given the complex nature of the assessed policy field it would be advisable to **consider the use of national, qualitative reports backed up with a well-thought over set of comparable data.** Such an approach can a/ provide a full picture of existing measures embedded in the national context; b/ enable benchmarking exercise; c/ promote mutual learning among Member States. This approach is likely to prove more effective and beneficial for all stakeholders than carrying out a very complex statistical analysis based to a significant extent on experimental, non-comparable and not-matching the scope of the Recommendation data.
- **Encouraging access of the self-employed to social protection is very welcome.** In times of a worldwide economic crisis like with the current pandemic the level of contribution to the different branches is decisive. A too high mandatory contribution level will be devastating the for self-employed.
- **However, especially for the self-employed, a mandatory and full coverage of and contribution to all six branches of social protection would denature the very notion of the self-employment.** To respect the freedom of economic activity by which the self-employed entrepreneurs are driven, a certain choice between the different social protection branches as well as to the level of relevant contributions must be possible. Access for the self-employed to the most relevant branches of the basic social protection at a reasonable cost should be the guiding principle, while access to a more advanced protection should remain an option.
- The differences between member states' social security systems, together with the foreseeable labour market evolutions, bring the need for a flexible and future proof system. **Adaptability to changing circumstances is key when implementing a system of monitoring.**
- For an overall acceptance it is important to catch the specific systems of social security in every Member State. With this "diversity" the framework must try to keep up the flexibility, meaning a low burden to enter and re-enter the labour market.

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