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## Lessons drawn by BusinessEurope from the Ecorys study on smart approaches to address regulatory burden of EU social regulations

**The Ecorys study on smart approaches to address regulatory burden of EU social regulations shows that objectives of EU social legislation are broadly supported by employers but that EU instruments do not take sufficient account of operational realities in companies.**

Today, BusinessEurope published the findings of a study on “*Smart approaches to address regulatory burdens of EU social regulations*” by Ecorys. The study was commissioned as part of a project carried out by BusinessEurope with financial support from the European Commission.

The objective of the study was to provide an evidence-based assessment of the regulatory burdens associated with EU social legislation from an employer’s perspective.

The study analyses:

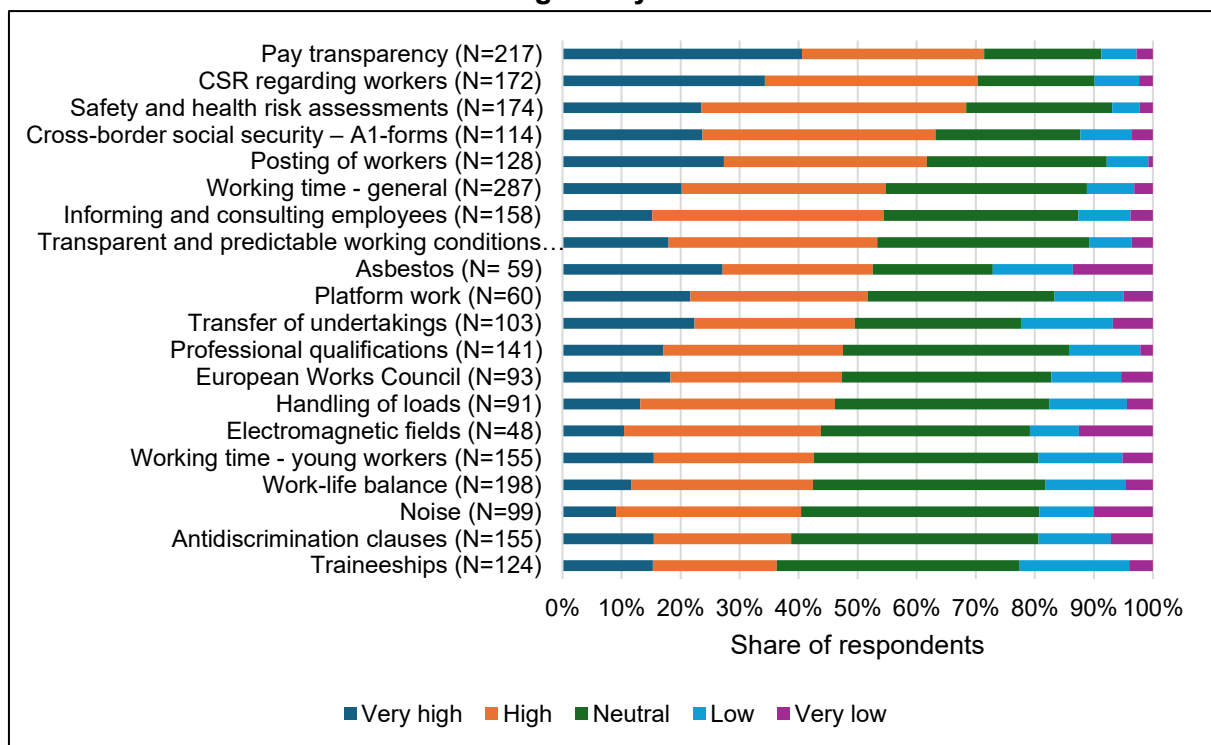
- whether existing EU social legislation strikes the right **balance between protecting workers and ensuring that companies can operate effectively**;
- the **complexity of the regulatory environment** in which companies operate, with a multi-faceted interaction between EU-level obligations, pre-existing national legislation and collective agreements as well as diverse national transposition practices;
- the types of **changes that companies had to make as a consequence of EU social instruments** (e.g. in pay rates, work schedules, personnel administration, etc.);
- the regulatory **costs associated with specific EU social legislation** as well as the **changes incurred by companies due to EU social instruments** and mitigation strategies used by businesses.

It confirms that **regulatory burdens are most strongly associated with the instruments that entail extensive reporting requirements**, recurrent documentation obligations or complex compliance procedures. The Pay



Transparency Directive (71% of respondents) and Corporate Sustainability Reporting Directive (70%) are most frequently rated as imposing very high or high costs, followed by safety and health risk assessment, documentation and preventive obligations (68%), cross border social security documentation requirements for posting of workers (A1 forms, 63%) and working time reporting requirements (55%). Pay Transparency, Working Time and Transparent and Predictable Working Conditions are considered to be the three most burdensome directives for small businesses. The graph below presents these findings.

**Perceived burden across EU social regulatory areas**



The study proposes a useful typology of costs incurred by employers in four categories:

- **Administrative costs**, linked to data collection, multiple reporting obligations, record-keeping and interaction with multiple authorities that often require the same data in different formats.
- **Financial costs**, including investments in IT systems, external legal, consultancy and translation services, audits and verification.
- **Compliance and operational costs**, associated with changes to work organisation, pay structures, staffing decisions and internal processes.



- **Legal and fragmentation costs**, resulting from divergent national transpositions, legal uncertainty and inconsistent enforcement.

Companies often face **cumulative costs** generated by different instruments that require the same data to be submitted in different formats, at different times and to different authorities. The study also shows that companies sometimes refrain from developing or significantly reduce an activity to avoid additional burdens thereby losing business opportunities and not scaling up. A “**trickle-down effect**” on SMEs is also underlined. Even when SMEs are excluded from a certain requirement, they are nevertheless asked to comply because they are part of the supply chain.

Read [the report](#) on smart approaches to address regulatory burden by Ecorys.

For BusinessEurope, the answer lies in:

- **Simplifying regulatory requirements** to facilitate compliance, notably by systematically taking into account the cumulative impact of different EU-level instruments as well as pre-existing national laws and collective agreements and avoiding unnecessary duplication;
- **Ensuring proportionality**, notably by better assessing the expected costs of compliance in the light of the four categories outlined by Ecorys and seeking to mitigate them from the outset when drafting EU legislation;
- **Giving more room for social dialogue and collective agreements** as a mechanism to achieve the objectives pursued, notably by avoiding provisions that micro-manage the way in which the EU requirements must be fulfilled;
- **Putting in place interoperable digital systems** via sufficiently harmonised administrative forms related to cross-border workers mobility in the Single Market and making possible to report the same data only once.

BusinessEurope has put forward concrete proposals to bring systemic responses to facilitate compliance and reduce the cost of fulfilling the requirements of the most cost-generating EU instruments cited in the Ecorys study. These proposals can be found [here](#).



BusinessEurope calls on the Commission:

- **To ensure that the upcoming Quality Jobs Act contributes to reducing unnecessary regulatory burdens** stemming from EU social legislation and does not undermine European Commission's simplification efforts by adding new regulatory burden on employers;
- **To introduce ambitious simplification measures in the upcoming Fair Labour Mobility Package** including via digitalisation measures such as a legal proposal on ESSPASS and starting the technical work to integrate ESSPASS, the A1 certificate and the eDeclaration.

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