



Technopolis - Tatjana Guznajeva, Juanita Garcia Gutierrez, Anastasiia Konstantynova, Olaf Kooijmans

## Incentivise employers to retain workers if they are at risk of long-term unemployment and/or it disturbs local economy

Following adoption of automation technologies, some workers may face job insecurity. Among the vulnerable groups are listed low/middle-skilled workers, older workers or migrant workers that might struggle to acquire new skills, young people at the start of their career<sup>1</sup>. Some workers with low-income levels often lack financial resources to participate in training for reskilling and upskilling. In case of job displacement, these workers might struggle to re-enter the labour market and may be at risk of becoming long-term unemployed. In case of mass layoffs of workers, especially in communities with limited job opportunities, the local economy might be negatively affected, threatening survival of other local businesses following a drop in demand of consumption levels. In situations described above, a policy intervention is needed to ensure preservation of jobs or smoothing of a process of job displacement<sup>2</sup>.

### Stimulate corporate social responsibility

The concept of Corporate Social Responsibility (CSR) implies that private organisations self-regulate to be socially accountable, contributing to wider societal goals and applying ethically oriented practices<sup>3</sup>. CSR also suggests that employers should be responsible for communicating to their employees and local governments about possible employment related changes, such as potential mass layoffs. Hence, policymakers should stimulate CSR through, for instance, public campaigns, ecosystems and network organisations, social dialogue between policymakers, industry actors and employees, thereby engaging the stakeholders in policy discussions and raising awareness about possible impacts of their decisions on local communities. These efforts should foster co-sharing of responsibility for the local economic development and stimulate co-creative policy processes.

### Provide financial incentives to retain workers

One of the measures to protect workers that might be at risk of long-term unemployment or to avoid immediate mass layoffs is to provide financial incentives to the employers that stimulates retainment of workers<sup>4</sup>. Financial incentives might either prevent or slow down the

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<sup>1</sup> Nedelkoska, L., & Quintini, G. (2018). Automation, skills use and training. OECD Social, Employment and Migration Working Papers. <https://doi.org/10.1787/2e2f4eea-en>

<sup>2</sup> Covid-19: Public Employment Services and labour market policy responses. International Labour Organization. (2020, August 17). Retrieved December 20, 2022, from [https://www.ilo.org/emppolicy/areas/covid/WCMS\\_753404/lang--en/index.htm](https://www.ilo.org/emppolicy/areas/covid/WCMS_753404/lang--en/index.htm)

<sup>3</sup> Fernando, J. (2022, May 27). Corporate Social Responsibility (CSR). Investopedia. Retrieved December 20, 2022, from <https://www.investopedia.com/terms/c/corp-social-responsibility.asp>

<sup>4</sup> Ibid



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process of job displacement. Examples of such incentives include wage subsidies that fully or partially cover wages/salaries of employees, furlough schemes designed to retain workers while organisations are closed (e.g., due to pandemics, political or social instability, market disruptions)<sup>5</sup>. To be aware of potential job losses, policymakers should create mechanisms of consultation/collaboration with the employers' organisations, stimulating social dialogue. It is important to ensure that the conditions of receiving financial incentives are clearly outlined and followed.

### **Support upskilling/reskilling of workers**

As an alternative or complementary measure to financial incentives, policymakers should either increase usefulness of workers for current employers by boosting their skills or facilitate their transition to new places of work. If current employers are willing to retain workers the government might provide financial, matchmaking or advisory support in identifying useful upskilling/reskilling activities. The public employment services or industry representative organisations could be helpful in providing advice on education/training activities or facilitating the job search, offering career counselling for workers at risk of unemployment. A good example of this is the work of the Westhaven Coal Chain Mobility Centre that has been established following a mass dismissal of workers from the coal fired Hemweg power station in Amsterdam. Activities of the Centre included vocational counselling, a job search support, training activities, and support getting allowance to cover living costs<sup>6</sup>. The centre was set-up following a social dialogue in which the stakeholders.

### **Encourage development of innovative management approaches to retain workers**

The development of innovative management approaches can help retain workers. Innovative management approaches aim to find solutions that allow workers to remain employed under the circumstances that would usually lead to their dismissal. A good example of an innovative management approach is co-employment of workers across several organisations. If one organisation is facing reduced work hours, instead of dismissing its employees it can allow its employees to work at another organisation where their skills could be useful. To encourage development of innovation management approaches at organisations, policymakers should raise awareness about them and share best practices through events/workshops, industry forums, media, education/training institutions. In addition, the government could establish structures/tools to facilitate co-employment, ensure that the current regulations allow it and

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<sup>5</sup> Drahokoupil, J., & Müller, T. (2021). Job retention schemes in Europe. etui. Retrieved December 20, 2022, from <https://www.etui.org/publications/job-retention-schemes-europe>

<sup>6</sup> Ministerie van Economische Zaken en Klimaat. (2020, March 20). Mobiliteitscentrum helpt kolenwerkers naar Ander Werk. Klimaatakkoord. Retrieved December 20, 2022, from <https://www.klimaatakkoord.nl/actueel/nieuws/2020/03/20/mobiliteitscentrum-helpt-kolenwerkers-naar-ander-werk>



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protect both workers and employers, and offer incentives to employers and employees to test innovative management approaches.

### **Enforce implementation of collective redundancy and anti-discriminatory regulations**

As a harder measure to prevent mass layoffs that may disrupt the local economy, policymakers should impose collective redundancy and anti-discriminatory regulations. Such regulations, when correctly enforced, should ensure that organisations have given early warning signals to their employees (and to policymakers) about collective worker dismissal and exhausted all other options before deciding to terminate a contract. Anti-discriminatory measures should also ensure that dismissal is not related to specific characteristics of employees, such as their gender, age, religion, ethnicity, physical capabilities etc. Due to above-listed measures, the workers will be protected against discrimination, they will have time to find a new place of work and the government will be able to develop responses to support them in this. Besides the design of collective redundancy and anti-discriminatory regulations, policymakers should ensure that they are implemented in an effective way. The latter falls within the remit of labour-related and law-enforcing public institutions.

*Consider the following PILLARS and external resources to incentivise employers to retain workers if they are at risk of long-term unemployment and/or it disturbs local economy:*

<i>Title and weblink</i>	<i>Authors and year</i>	<i>Description</i>
<a href="#"><u>Corporate Social Responsibility (CSR) And Its Implementation into EU Company Law</u></a>	European Parliament, 2020	This study, conducted for the JURI Committee by the European Parliament's Policy Department, investigates the backing offered by Member States for Corporate Social Responsibility (CSR) strategies and the enforcement of due diligence requirements, aligning with both EU regulations and selected national laws. Its goal is to evaluate Member States' support for CSR strategies in businesses and suggest potential measures for a unified and systematic CSR approach across the entire EU.
<a href="#"><u>Elderly Left Behind? How Older Workers Can Participate in the Modern Labor Market</u></a>	Oliver Falck, Valentin Lindlacher and Simon Wiederhold, 2022 (PILLARS REPORT)	Older workers benefit greatly from digital skills, which boost their job prospects and productivity, allowing access to higher-paying positions. These skills are learnable at any age. To close the gap in digital abilities among seniors, policymakers should incentivize employers to offer training and fund programs in higher education. There's a significant global difference in digital skills among the elderly, surpassing that of younger age groups, underscoring the need for immediate action.



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<p><b><u><a href="#">Job Retention Schemes in Europe</a></u></b></p>	<p>ETUI, 2021</p>	<p>This paper examines Covid-19 job retention schemes, discussing their expenditure, workforce participation, and scheme types. It categorises schemes as short-time work, furlough, or wage subsidies, outlining their structures and adjustments during the pandemic. It also covers scheme uptake, eligibility, support levels, collective bargaining roles, prevention of misuse, and training provisions. Finally, it concludes by stressing the importance of balanced scheme designs, including employer contributions, integration with labour policies, and measures to prevent misuse and ensure sustainability.</p>
<p><b><u><a href="#">Upskilling And Investing in People</a></u></b></p>	<p>OECD, 2020</p>	<p>OPSI and the MBRCGI dedicated the past year (2020) to investigating how governments innovate to adapt to rapid changes. Their efforts involved comprehensive research, a global Call for Innovations campaign, and engagements with innovative teams worldwide, revealing significant trends, examples, and stories. The findings highlight governments' adoption of inventive strategies, revolutionising their operations and enhancing services for their citizens.</p>
<p><b><u><a href="#">Upskilling Efforts by The Public Sector</a></u></b></p>	<p>PWC, 2021</p>	<p>In recent times, many countries have focused on upskilling due to the impact of COVID-19 and rapid digitalisation, which have widened skills gaps and underscored the importance of enhancing skills. Governments worldwide are acknowledging this shift and implementing various initiatives to prepare citizens and public servants for an increasingly digital future. However, this transition has encountered challenges. The compilation of insights from PwC's New World. New Skills. teams across the globe aims to provide strategies for navigating the next phase of national upskilling efforts.</p>
<p><b><u><a href="#">European Talent Is Ready to Walk Out the Door. How Should Companies Respond?</a></u></b></p>	<p>McKinsey &amp; Company, 2022</p>	<p>Similar to their counterparts worldwide, Europeans are contemplating resigning from their jobs, contributing to a significant job vacancy rate and an expanding skills disparity. Recent studies highlight methods through which companies can prioritize "people factors" that employees indicate as crucial.</p>
<p><b><u><a href="#">'Great Attrition' Or 'Great Attraction'? The Choice Is Yours</a></u></b></p>	<p>McKinsey &amp; Company, 2022</p>	<p>A surge in employees resigning or contemplating resignation is observed. Enterprises that dedicate efforts to comprehend the reasons behind this trend and take proactive measures will gain an advantage in both attracting and retaining talent.</p>
<p><b><u><a href="#">Report On Collective Dismissals</a></u></b></p>	<p>ILO and European Union, 2016</p>	<p>The report offers insights into collective dismissal regulations across 13 EU Member States, assessing both national and supranational guidelines influencing the</p>



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	<p>collective redundancy procedures in these nations. An assembly of autonomous experts, primarily comprising academic labour lawyers, produced this report to aid the International Labour Office (ILO) within its technical assistance program, specifically focusing on enhancing labour legislation in areas such as collective dismissals in collaboration with the Greek Government.</p>
<p><a href="#"><u>Handbook On European Non-Discrimination Law</u></a></p>	<p>European Union Agency for Fundamental Rights, 2018</p> <p>The handbook aims to aid legal professionals less familiar with non-discrimination law, offering an introduction to its essential aspects. Intended for lawyers, judges, prosecutors, social workers, and professionals collaborating with national authorities, NGOs, or related bodies, it provides insights into legal matters surrounding discrimination issues.</p>