

Competitiveness as a driver of Quality Jobs: a business perspective for Europe's social agenda

Europe's social model depends on a strong and competitive economy. Quality jobs are created and sustained by economically successful enterprises operating in a favourable business environment — and European businesses are committed to delivering exactly that when the conditions allow for it. However, companies cannot offer quality employment if they are over-regulated, under-capitalised and unable to grow. **Competitiveness, productivity growth, innovation and skills are therefore not separate from the social agenda: they are the foundation of Europe's resilience, prosperity and social model.**

At a time of labour shortages, demographic pressures, geopolitical uncertainty and weak productivity growth, Europe needs policies that support entrepreneurship, industrial transformation, innovation, flexible labour markets and investment. Sustainable improvements in wages, working conditions and social protection — in accordance with national systems and the autonomy of social partners — are best delivered through productivity growth and economically viable companies. The EU should focus on improving framework conditions for investment, innovation, job creation, labour market participation and skills development, while streamlining the regulatory framework to avoid unnecessary burdens and overlapping legislation.

The EU already has one of the world's most comprehensive labour and social *acquis* (the body of EU laws), covering i.a. occupational safety and health, working time, equal treatment, transparent working conditions, minimum wages, collective redundancies, AI systems at work and many other aspects of employment. This legislation already provides an extensive framework for workers' protection. The priority should now be effective implementation, enforcement, legal certainty and simplification, not multiplying regulatory obligations.

Social dialogue remains a cornerstone of the European social market economy. However, it must continue to respect the autonomy of social partners, national industrial relations systems and the diversity of labour market models across Member States. Trade unions should be partners in ensuring favourable conditions to build a culture of continuous training, adaptation and mobility to support employability. Supporting and protecting workers also means preparing them for the next job and technological developments.

For more information visit:



www.eesc.europa.eu/employers-group

COMPETITIVENESS AS A DRIVER OF QUALITY JOBS

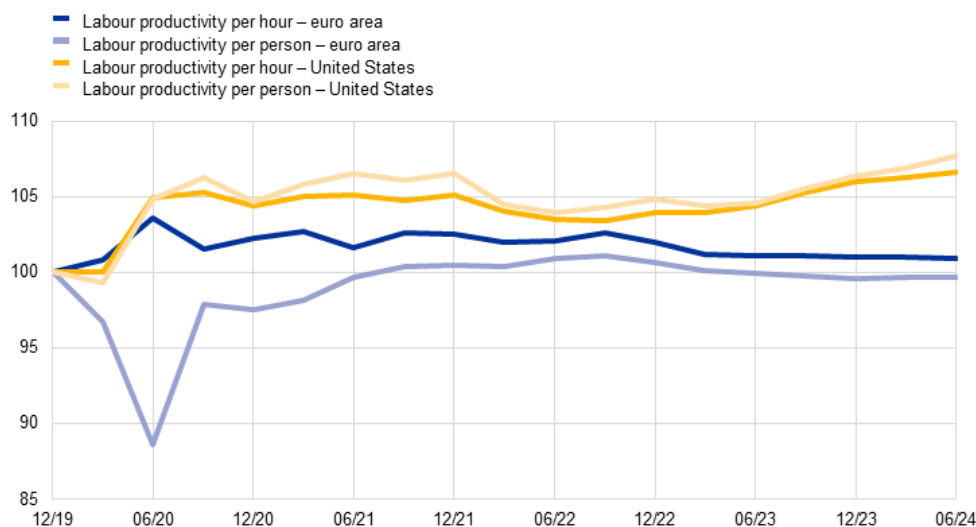
A competitive and sustainable economy with high employment levels is the basis of the European economic and social model. European companies operating within the EU's robust social and labour framework provide the highest standards of employment. To continue doing so and to sustain and create high-quality employment, businesses need:

- predictable and innovation-friendly regulation;
- affordable energy and access to critical resources;
- access to skilled labour;
- efficient infrastructure and digital connectivity;
- reduced regulatory, administrative and reporting burdens;
- legal certainty and stable investment conditions.

Europe must be an attractive place for investment, production, innovation and talent. In the context of growing global competition, resources should be focused on high value-added activities, innovation, industrial transformation and technological leadership. Reversing the recent slowdown in EU labour productivity growth is a shared priority: stronger productivity unlocks wage growth, investment capacity and better working conditions. Europe has a clear opportunity to deliver on this by supporting innovation, digitalisation, industrial transformation and workforce skills, if it has favourable and predictable conditions, and coherent legal and policy frameworks that allow companies to plan investments and grow.

Labour productivity in the euro area and the United States

(Q4 2019 = 100)



Sources: Eurostat, Bureau of Economic Analysis and Bureau of Labour Statistics.

Note: The latest observations are for the second quarter of 2024.

For more information visit:



www.eesc.europa.eu/employers-group

PRODUCTIVITY IS A PRECONDITION FOR SOCIAL PROGRESS

Sustainable improvements in wages, working conditions and social protection systems require productivity growth and strong economic performance. **Competitiveness and social progress are, in fact, mutually reinforcing objectives.** Investment in innovation, research, digitalisation, advanced manufacturing and skills development are essential to create quality jobs and strengthen Europe's long-term resilience. Strong cooperation between businesses, universities, research institutions and training providers is necessary to build a competitive and innovative European economy capable of attracting and retaining talent.

FLEXIBLE LABOUR MARKETS AND SKILLS ARE ESSENTIAL

Europe should recognise that different forms of work and employment can respond to diverse economic realities, business needs and workers' preferences. Different forms of employment help workers and businesses adapt to changing economic realities, technological transformation and individual needs. Well-functioning labour markets require flexibility, adaptability and opportunities for entrepreneurship. Addressing labour and skills shortages must become a strategic priority. This requires:

- stronger investment in upskilling and reskilling;
- better alignment between education and labour market needs including through VET;
- support for lifelong learning;
- measures encouraging labour market participation;
- policies attracting and retaining talent within Europe, including by facilitating recruitment of skilled workers from third countries;
- improved mobility and recognition of qualifications and skills;
- sufficient financing including through ESF+ for training and work-based learning especially for SMEs.

Employment remains the most effective long-term tool against poverty and social exclusion. Sustainable social systems depend on high employment rates, productive economic activity and inclusive labour markets. The main objective should be to enable employers to create and sustain quality jobs in Europe.

For more information visit:



www.eesc.europa.eu/employers-group

REGULATION SHOULD SUPPORT, NOT HINDER, TRANSFORMATION

The EU already has extensive labour and social legislation.

The priority should be to effectively and correctly implement and enforce the existing *acquis* and, where necessary, assess their effectiveness before proposing additional legislation. Regulatory energy is better invested in implementation, enforcement, simplification and legal certainty. Over-regulation at the EU level does not leave space for autonomous social dialogue and collective bargaining to deliver solutions tailored to national and sectoral realities. Excessive administrative and reporting obligations divert financial and human resources away from investment, innovation, workforce development and business growth. Any potential new initiatives should fully respect subsidiarity, proportionality and the diversity of national industrial relations systems and be subject to:

- an ex-post evaluation of existing legislation and a cross-policy coherence check to identify overlaps, cumulative impacts and adverse effects before new obligations are proposed;
- a competitiveness check;
- a “think small first” approach for SMEs;
- a careful assessment of administrative and reporting burdens with concrete proposals to address and reduce them;
- an evaluation of cumulative regulatory impacts on businesses and investment;
- a new impact assessment on significant amendments to a Commission proposal, as well as on trilogue agreements.

Especially SMEs, which ensure a large majority of jobs across the EU, require simple, proportionate and implementable rules. While they are particularly exposed to administrative burdens, excessive compliance obligations reduce the capacity of all types of companies to invest, innovate and create jobs.

Social dialogue and collective bargaining are most effective when based on trust, autonomy and voluntary engagement between social partners. Preserving this voluntary character is essential to maintaining the integrity of national industrial relations systems and contractual freedom.

For more information visit:



www.eesc.europa.eu/employers-group

PUBLIC PROCUREMENT MUST REMAIN ACCESSIBLE AND COMPETITIVE

Public procurement can contribute to quality jobs when conditions are proportionate, legally certain, targeted and verifiable. However, disproportionate obligations and excessive administrative obligations risk reducing competition, discouraging SME participation and increasing costs for businesses and public authorities alike. The focus should remain on practical implementation, follow-up and enforcement of existing public procurement rules rather than introducing additional mandatory requirements or disproportionate social conditions that fail to reflect sectoral and national realities.

Legitimate business models, such as subcontracting, must also be preserved as they support specialisation, innovation, resilience, flexibility, SME participation and integration into production and supply chains. In particular, restrictions on the length of subcontracting chains or the introduction of additional bureaucratic requirements would constitute a disproportionate interference with this business model.

Where abuses occur, priority should be given to effective enforcement of existing rules rather than introducing new EU-wide liability regimes.

AI AND DIGITALISATION SHOULD STRENGTHEN EUROPEAN COMPETITIVENESS

Artificial intelligence and digital technologies offer significant opportunities to improve productivity, working conditions and occupational safety, while helping companies address labour shortages and demographic challenges and strengthen Europe's technological leadership. **Existing EU legislation**, including the AI Act, GDPR and labour legislation, **already provides a comprehensive regulatory framework for AI in the workplace**. Additional overlapping legislation would risk increasing complexity, legal uncertainty and compliance burden. The priority should therefore be on:

- supporting companies, especially SMEs, in AI uptake;
- ensuring access to digital skills and training;
- avoiding overlapping obligations and multiple reporting requirements;
- promoting responsible and ethical deployment of AI through social dialogue and company-level practices.

For more information visit:



www.eesc.europa.eu/employers-group

Digital transformation should remain a driver of innovation, competitiveness and quality employment in Europe.

TO GO FURTHER

- Strengthen Europe's innovation and industrial base through targeted investment policies.
- Improve labour market participation and workforce mobility.
- Reduce regulatory and administrative burdens affecting businesses and SMEs.
- Promote partnerships between business, universities and research institutions.
- Support skills development and lifelong learning as key competitiveness tools.
- Ensure that EU social initiatives fully respect subsidiarity and social partner autonomy.
- Improve implementation and enforcement of existing legislation before introducing new rules.

See also: ["EU Social Policy actions must be better aligned to strengthening Competitiveness"](#).

RED LINES

- No additional overlapping labour legislation where comprehensive EU rules already exist.
- No mandatory approaches undermining the autonomy of social partners.
- No disproportionate reporting or compliance obligations for companies and SMEs.
- No restrictions on legitimate business models such as subcontracting.
- No AI-specific workplace regulation duplicating existing EU frameworks.
- No mandatory social conditionalities in EU financing and public procurement that undermine competition, legal certainty or SME participation.
- Ensure that EU social initiatives fully respect subsidiarity and social partner autonomy.
- Improve implementation and enforcement of existing legislation before introducing new rules.

For more information visit:



www.eesc.europa.eu/employers-group