

Executive Summary

The annual review of Employment and Social Developments in Europe (ESDE) provides analytical support for EU and national policy actions in pursuit of the Europe 2020 employment and social objectives. It considers the latest available data and provides analysis of key employment and social developments and challenges in the EU and its Member States.

It aims to contribute to the European Semester and new policy initiatives such as the New Skills Agenda, the European Agenda for the Collaborative Economy, the New Start for Social Dialogue, the Action Plan on the Integration of Third-Country Nationals and the development of a European Pillar of Social Rights. This year's edition contains in-depth analysis of:

1. Convergence and divergence in the E(M)U and the role of employment and social policies;
2. Employment dynamics and their social implications, and notably how jobs and wages can tackle poverty and inequality;
3. The labour market integration of refugees;
4. The labour market implications of ICT development and digitalisation;
5. Capacity building for social dialogue.

MAIN EMPLOYMENT AND SOCIAL DEVELOPMENTS

The EU economy is now in its fourth year of ongoing recovery since the recent double dip recession (2009 and 2012). EU GDP has regained and surpassed its pre-crisis peak and continues to grow, albeit at a modest pace. Investment in the EU has continued to increase but remains weak and far below the 2008 levels in most Member States. Access to finance remains a major concern for businesses, especially small businesses.

7.9

million jobs
created since 2013

The economic growth observed since 2013 has been accompanied by gradual improvements in labour markets and in the social situation in the EU. Employment has continued to increase and reached 232.1 million men and women in the second

Sluggish growth and investment, but encouraging employment trends

quarter of 2016, the highest level ever recorded. The EU employment rate (for people aged 20 to 64 years) reached 71.1% in the second quarter of 2016, which is above its 2008 value. If this trend continues, the EU could still reach its employment rate target of 75% in 2020. However, the employment rate varies significantly across Member States from 81.5% in Sweden to 56.6% in Greece. Also, the Euro area employment rate is still below the 2008 levels.

Table 1: Main Employment and Social Developments: EU28

	2007	2009	2011	2013	2015	2016Q2
Real GDP growth	3.0	-4.4	1.7	0.2	2.2	1.8
Employment						
- growth	1.9	-1.7	0.1	-0.3	1.1	1.4
- number of employed (1000)	228 831	227 202	225 969	224 533	229 277	232 046
Employment rate (20-64)	69.8	69.0	68.6	68.4	70.0	71.1
- men	77.6	75.7	75.0	74.3	75.8	76.9
- women	62.1	62.3	62.2	62.6	64.2	65.3
Compensation per employee (annual growth)	3.3	-1.0	1.9	0.8	3.0	-0.2
Labour productivity (annual growth)						
- per person employed	1.1	-2.7	1.5	0.5	1.1	0.6
- per hour worked	1.0	-1.4	1.4	0.9	1.2	-0.8
Nominal unit labour cost (annual growth)						
- per person employed	2.2	1.7	0.4	0.3	1.9	-0.8
- per hour worked	2.1	1.9	0.3	0.2	1.9	-0.8
Unemployment						
- rate total	7.2	9.0	9.7	10.9	9.4	8.6
- rate men	6.6	9.0	9.6	10.8	9.3	8.4
- rate women	7.9	8.9	9.8	10.9	9.5	8.9
- rate youth (aged 15-24)	15.9	20.3	21.7	23.7	20.3	18.8
- long-term unemployment rate	3.0	3.0	4.1	5.1	4.5	4.0
- very long term unemployment rate	1.8	1.5	2.2	2.9	2.8	2.6
- number of unemployed (1000)	16 988	21 358	23 126	26 299	22 887	21 120
Real gross disposable household income per capita	1.6	0.7	-0.7	-0.3	2.0	2.7
At risk of poverty or social exclusion rate	25,4*	23,3*	24.3	24.6	23.7	:
Inequality (Gini coefficient of disposable income)	30,6*	30,5*	30.8	30.5	31.0	:

Source: Eurostat

[Click here to download table.](#)

The steady but slow reduction in unemployment that started in 2013 continued in 2015 and in the first half of 2016. Nevertheless, about 20.1 million people in the EU in the third

20.1

million unemployed, half of
them for over one year

quarter of 2016 were still without work, including almost 4.2 million young people. Nearly half of all unemployed people have been out of work for more than a year. Unemployment remains higher than in 2008 for many Member States and for the EU (8.6%) and Euro area (10.0%) as a whole. Unemployment rates vary significantly across the EU, from 4.0 % in the Czech Republic, 4.1% in Germany and 4.8% in Malta and the UK, to a high of 23.4 % in Greece. While important reductions have been observed in countries with high unemployment rates, huge differences in long-term unemployment persist: from less than 2% of the active population in Sweden to 18% in Greece.

The employment rate of women in the EU in 2015 is still significantly below that of men, but the gap had been closing since 2008. Young people are also at a disadvantage in the labour market, with an unemployment rate above 20% in the EU, but the youth unemployment

rate has continued to decline, accompanied by an increase in their employment rate and in the proportion of young people in education. Another group that is not doing well on the labour market is the low-skilled, who have an unemployment rate of more than 15%.

The number of both permanent and temporary jobs in the EU has continued to increase. Temporary employment in the EU is about 14% of total employment but varies significantly across the EU, exceeding 20% in Poland and Spain, for example.

Labour productivity in the EU continued its slow increase in 2015, maintaining the trend seen since 2013. Compensation per employee rose slightly for the EU as a whole, but there are wide differences across Member States and some have seen a reduction during the period 2013-2015. Nominal unit labour costs in the EU continued to increase slowly, but some Member States boosted their competitiveness thanks to notable reductions in the years 2013-2015.

Weak labour productivity growth, despite better education outcomes

Progress can be observed in the education area. In 2015, the proportion of early leavers from education and training declined further to 11%, maintaining the trend observed in previous years: it was nearly three percentage points higher in 2013. The proportion of the adult population with upper secondary or tertiary education also continued to increase in 2015, even if at a slower pace than in previous years. In 2015, 38.7% of the population aged 30-34 had fully completed tertiary studies compared with 23.6% in 2002. The situation remains uneven across Member States, though, and there is a lot of potential for catching up.

119

million people at risk of poverty or social exclusion

The proportion of the EU population at risk of poverty or social exclusion is estimated at 23.7% in 2015, the lowest level since 2010 (23.0% in the Euro area). This corresponds to more than 119 million people in 2015. In

Rising household incomes overall, but little progress in reducing poverty and inequality

some countries, poverty is still increasing, though some have also seen important declines. The proportion of people suffering from severe material deprivation in the EU decreased further in 2014, but some countries saw an increase in 2014. Estimates for 2015 suggest a stabilisation of this indicator.

In the EU, disposable household income, which measures market income adjusted for taxes and social transfers, increased again in 2015 as in 2014, benefitting from increased economic activity and improved labour market conditions. Income inequality before transfers continued to grow in the period 2013-2014, but stabilised in 2015.

The improvements in the economic and employment situation resulted in a stable or even declining proportion of GDP expenditure on social protection, although in real terms and absolute amounts this expenditure continued to increase in 2015, as it did in 2014 and 2013.

Economic growth and labour market improvements are expected to continue in most Member States in the coming years, according to the Commission Autumn Forecast, though at a modest rate overall. Despite this welcome progress and some recent convergence in the labour market and social situation within the EU, large social and employment disparities remain across Member States, and economic growth is expected to remain uneven across the EU. In spite of recent progress, a lot remains to be done to tackle the negative impact of the crisis on employment, on poverty and income inequality and on cohesion among Member States.

Uncertain economic outlook hampers further progress in tackling Europe's employment and social challenges and fostering more cohesion

1. CONVERGENCE AND DIVERGENCE IN THE E(M)U AND THE ROLE OF EMPLOYMENT AND SOCIAL POLICIES

The labour markets of Member States were not all hit to the same extent by the economic crisis which began in 2008. As a result, the convergence of economic and social performance that had been under way across the EU over the previous two decades came to a halt and in some cases was reversed. In particular, employment and unemployment rates diverged strongly from 2009 until 2013, with unemployment rates increasing sharply in Southern and Eastern Euro area Member States. The divergence began to stabilise and even reverse after 2013 with the gradual economic recovery, notably in the countries hardest hit by the crisis, many of which experienced a significant reduction in unemployment rates and an increase in employment rates.

- 1.9
percentage point decline of poverty rate for the older people and +0.8 for the total population. Are we failing those in working age ?

From 2009, both poverty and income inequality increased across the EU. The proportion of people with incomes below 60% of the national median income grew in the EU as a whole from 16.5% in 2009 to 17.3% in 2014, and the

The legacy of the crisis: a worsening situation of the working age population and increasing inequalities

dispersion of poverty rates across Member States and population groups also increased. The incomes of working-age people have suffered more than those of people over the age of 65. Older people have seen their incomes better protected during the economic crisis: their relative income has generally improved (reaching levels close to 100% of that of the total population, compared with less than 90% in the mid-2000s) and their poverty rates fell from 16.0% in 2009 to 14.1% in 2014. By contrast, working-age adults, particularly young adults, have experienced increases in poverty and a slight decline in their relative income (from 105% to 103%). Income inequality also increased in most EU Member States. On average, the disposable income of the richest fifth of the population was 5.2 times higher in 2014 than that of the poorest fifth, up from 4.9 in 2009.

The crisis showed that lack of convergence, notably in economic outcomes, can pose a serious threat to the EMU. The post-2008 divergence reflected the exceptional size of the crisis, but also issues arising from countries' policy choices and the underlying architecture of the EMU which led to a build-up of imbalances. Some Member States had seen low productivity growth and divergent trends in nominal unit labour costs before the crisis, resulting in growing competitiveness gaps and macroeconomic imbalances. The design of tax and benefit systems in some Member States also had important weaknesses, in terms of generating revenues, fighting tax evasion or supporting those most in need, thereby failing to reduce poverty and inequality. This may also have adverse impacts on economic outcomes as more people are left behind and cannot develop their full potential.

Restoring economic and social convergence is particularly important for the EMU

The capacity of labour market and social protection policies and institutions to cope with shocks also differed greatly across countries. Member States with well-functioning social institutions, and those which had enacted far-reaching reforms prior to the crisis, were much less affected and absorbed shocks better. Greater resilience also supports longer-term convergence: it reduces the persistence of unemployment and prevents a temporary economic slowdown having a permanent negative impact on growth and jobs. Social investment, particularly in education and skills (but also, for instance, in childcare), is of key importance for sustainable growth.

The crisis revealed clear weaknesses in the functioning of the EMU. The lack of a Banking Union was felt very starkly and has now been remedied with mechanisms for better supervision and crisis prevention. The Euro area also lacked an appropriate degree of cross-border risk sharing (the capacity to smooth national shocks through assistance from less badly hit countries), with levels of risk sharing less than half of those in Canada or the US where capital markets are more integrated (private risk sharing) and fiscal transfers much more important (public risk sharing).

The policy response of Member States to the labour market consequences of the crisis varied significantly and produced mixed results. The increase in overall social expenditure at the outset of the crisis was the main factor in stabilising household incomes but this expenditure had declined in 2012 when EU economic performance was still weak. By contrast, other types of expenditure were maintained during the crisis, notably pension expenditure per recipient.

Mixed evidence on convergence in policy developments over the last decade

5 to 10 %
annual reduction in spending per unemployed in the years from 2010 to 2013

Average annual unemployment expenditure for each unemployed person declined by between 5% and 10% in the years between 2010 and 2013, in part as a result of a loss or reduction in entitlement after a prolonged

period of unemployment. There were significant cross-country differences in terms of the support per unemployed person, ranging from around 5% of GDP per head to 40% or more.

Active Labour Market policies (ALMPs) have a positive effect not only in helping people to move from unemployment to employment but also in helping them to find better quality jobs and improve their skills. However, their coverage varies widely between Member States ranging from around 5% to 50% or more, and overall EU coverage has declined since 2009.

Scope for increased investment in active labour market policy measures

The proportion of adults engaged in lifelong learning has remained constant, although participation rates vary significantly between Member States. The proportion of the jobless poor who are not covered by any benefit did not diverge across countries, but the coverage of unemployed people by unemployment benefits did. Unemployment benefit replacement rates and minimum income benefits have declined slightly. Minimum benefit levels have converged slightly since the crisis, albeit mostly due to declines in countries with initially higher levels, with levels ranging from 25% to 125% of the poverty threshold.

While tax benefits systems significantly mitigated the increase in income inequality in the crisis, the decline in the relative incomes of the working-age population is partly associated with a weakened capacity of tax and benefit systems to prevent poverty and reduce income inequality. In some countries, policy reforms of tax-benefit systems have tended to raise poverty rates. However, even in the absence of such reforms, longer unemployment spells typically result in people losing their entitlement to unemployment benefits. Moreover, the declining work intensity of households, including involuntary part-time work, have pushed them further below the poverty threshold.

Tax and benefit systems have tended to become less redistributive

Policy action can reverse the trend towards increased divergence in socio-economic outcomes witnessed since the crisis and this divergence may be addressed at the national level in line with the priorities identified in the European Semester at European level. At the national level, reforms can make labour markets and social protection systems more responsive to the economic cycle. There is also room to boost longer-term employment and productivity growth by supporting human capital development and providing the right incentives for employment growth.

Better employment and social policies for more convergent outcomes

At the European level, upward convergence of employment and social policies is a key objective of the European pillar of social rights, which covers major policy areas where further convergence would bolster the adjustment capacity of national economies. In a long-term perspective, a well-designed fiscal capacity at the level of the EMU could also support upward convergence, especially when combined with other wide-ranging structural reforms.

2. EMPLOYMENT DYNAMICS AND SOCIAL IMPLICATIONS

The EU has set itself targets to increase the employment rate of people aged 20-64 years to 75% and reduce the number of people at risk of poverty or social exclusion by 20 million between 2010 and 2020. These goals are interconnected. Low employment rates are a key factor in rising inequality and poverty, but being in work is not always enough to keep people out of poverty. Indeed, in-work poverty has increased in all but five countries, pointing to problems with the quality of employment.

Overall in the EU, one in ten workers are at risk of poverty. For those on low hourly rates of pay (less than two thirds of median hourly pay), this ratio rises to one in six. The level of pay below which, according to this definition, someone is considered to be a low-wage worker ranges from around €1 per hour in Romania and Bulgaria to nearly €15 in the Netherlands and even more in Luxembourg (nearly €16) and Denmark (nearly €18).

Low wages, inadequate work intensity and household situations explain individual risk of in-work poverty

Poverty generally arises only when low hourly rates of pay are accompanied by low work intensity in the form of part-time or intermittent employment. Whether people in employment are at risk of poverty also depends on the employment status of other household members and on the number of dependents in the household. The strong link between in-work poverty and the size of the household underlines the need to support families with children through family benefits and facilitating the labour participation of both parents.

Women, the young and the low-skilled are most likely to be found in the bottom decile of the hourly wage distribution, while men and the highly-skilled are most likely to be found in the higher deciles. In spite of rising unemployment, which has hit the young and the low-skilled particularly hard, hourly wages earned by employees in the bottom decile actually rose between 2006 and 2013 in most Member States relative to the average hourly wage. However, this may reflect higher levels of unemployment among those with the lowest earning capacity.

The hourly low-wage threshold varies considerably across Member States and so does the prevalence of low wages. In the Nordic countries, the Netherlands, Belgium and France the proportion of workers falling into the low-wage category is below 10%, while in Lithuania and Ireland it exceeds one quarter.

Almost half of low-wage employees improve their wage position from one year to another

The chances of upward mobility from low wages also varied across countries and population groups. In 2013, 15.2% of employees were low-wage earners in the EU. Of those, 55.5% were still low-wage earners the following year, while 44.5 % had moved up from low-waged status. This upward mobility was frequently the result of a change of job or of achieving higher education levels, underlining the importance of investing in skills.

While many Europeans fell into poverty following the crisis, there has also been a lot of movement out of it. More than one third of the working-age poor in the EU escaped poverty each year between 2010 and 2013. More than half of the unemployed or inactive working-age poor who moved into employment also managed to escape poverty.

One third of the working-age poor escaped poverty each year

1 in 8

unemployed workers found permanent full-time employment within three years

The quality of the job in terms of work intensity (i.e. whether it is part-time or intermittent rather than full-time and permanent) and the wage level determine whether people escape poverty when they find a job. Unfortunately, during the post-

crisis years (2008-2013) only about one in eight unemployed people managed to find permanent full-time employment within three years.

3. LABOUR MARKET INTEGRATION OF REFUGEES

In the last few years, the EU has experienced an unprecedented inflow of asylum seekers and other migrants from outside Europe, with around 2.2 million asylum applications submitted in 2015 and the first nine months of 2016. This creates an important integration challenge.

Refugees face an array of serious obstacles to their integration. On average, refugees who had arrived prior to the most recent inflow were less well educated (16pp higher proportion with only low level of education), less economically active (-3pp), less often employed (-9pp), especially when they are women (-15pp), and they are more often exposed to poverty than their native-born peers. Naturalisation increases their chances of finding employment (12pp higher employment rate) but it does not automatically result in full integration, and challenges often persist for the children of immigrants.

Refugees catch up over time and are on par with the native-born after 15-20 years

However, the labour market integration of refugees improves significantly over time, even if it takes 15-20 years for them to achieve parity with the native-born. Refugees have skills that their host countries can build on, with at least one in five refugees having benefited from tertiary education.

70 – 59 – 27

employment rates of highly educated refugees, of refugees with intermediate language skills, of refugees with low language skills

Highly-educated refugees aged 25-64 achieve a much higher employment rate than less well-educated refugees (70% vs. 45%). Knowledge of the host-country language is a very strong determinant of

Knowledge of the host country language and education improve employment outcomes a lot

labour market outcomes. Refugees with an intermediate language level have an employment rate of 59%, more than twice that of those with a lower level (27%).

Education helps to improve both the labour market prospects of refugees and the contribution they can make to the economic growth of the receiving country. However, the impact of refugees' existing and newly acquired formal education remains limited unless it is combined with more comprehensive support and the removal of obstacles to their integration. Measures to facilitate their early access to the labour market and to combat discrimination, integration programmes and access to enabling services, such as high quality language training and education, recognition of qualifications, health, housing, social services and childcare, are key factors in unlocking the potential of refugees. They shorten the time it takes refugees to catch up and enable them to capitalise fully on their formal qualifications. Family members of refugees often face similar integration challenges (-12pp lower employment rate than the native-born), but usually do not benefit from the same integration programmes.

Education needs to be combined with comprehensive support and removal of obstacles to integration

While receiving refugees is often considered temporary, many, particularly those from dangerously unstable countries, have ended up staying. In

Family members of refugees also need support

particular, among the refugees who had arrived prior to 2015, 61% of those remaining in the EU have received citizenship of their host country.

If the reception of refugees and their family members is combined with effective measures to ensure their integration, the EU can capitalise on the human potential of refugees and on their strong motivation to become active members of European society.

4. THE LABOUR MARKET IMPLICATIONS OF ICT DEVELOPMENT AND DIGITALISATION

Previous industrial revolutions have created profound structural changes in the organisation of our societies. In the same way, the speed, scale, scope, and impact of the technological innovations associated with Information and Communication Technology (ICT) have the potential to cause a major transformation of the current social and economic systems. The transformative power of artificial intelligence, robotics, cloud computing, 3D printing, digital platforms and blockchain technologies have led some to speak of a fourth industrial revolution.

ICT development and digitalisation will fundamentally change the world of work

One third
of GDP growth in 2005-2010 was related to ICT investment

There has been a steady increase in gross investment in ICT since 2000 in the vast majority of EU Member States. ICT investment has also increased as a proportion of total investment.

ICT as a key driver of employment, productivity and growth in the EU

For the 2005-2010 period, one third of all EU economic growth was related to ICT investment. Macro and micro analysis suggest that higher ICT investment and related robotisation have not led to technology replacing labour. On the contrary, most evidence shows a net increase in employment. ICT development and digitalisation have contributed directly to job creation and are expected to continue to do so. For example, over the last decade, an extra two million ICT specialist jobs have been created, one million in the last three years alone. ICT development and digitalisation and related automation/robotisation have also been found to increase productivity, as shown in the European Manufacturing Survey.

While the overall impact on employment appears to have been positive or neutral so far, this may not hold true for all sectors or occupations. ICT development and digitalisation through process innovation and organisational change can lead to capital-labour substitution, where ICT-driven innovations such as robots directly replace human labour. By contrast, technological progress in the form of product innovation, commercialisation of new products and demand for new equipment generates new jobs.

ICT development and digitalisation will have different impacts in different occupations and sectors

Technological change alters the skill requirements of the labour market. Computers and advanced machinery, for example, can more easily replace workers employed in jobs which involve very intensive routine tasks, either manual or cognitive. These tasks can be easily programmed and executed by machines. ICT development and digitalisation may therefore favour the highly skilled, and have a negative impact on those with lower and intermediate levels of skills in routine tasks.

38 %
of companies have difficulties finding ICT professionals

In the near future nearly all jobs will require some level of digital skills, and some will require very high levels of professional ICT skills. New ways of working, including more independent and contract-based work, and more

The digital revolution requires a new set of skills to ensure complementarity between human capital and technology

frequent job changes will call for skills that can be used by individuals in different contexts.

38% of companies that recruited or tried to recruit ICT specialists in 2014 reported difficulties in filling vacancies. According to the PISA survey, around 20% of 15-year-olds in the EU have low reading and numeracy skills. And according to PIAAC, 20% of adults have low literacy skills while 24% have low numeracy skills. Less than a quarter of students have had an entrepreneurship experience by the time they finish school.

It is difficult to quantify the emerging 'collaborative economy', in terms of revenues or the number of individuals directly involved, but estimates indicate that it is already sizeable. In 2015, there were at least 20 platforms worth more than USD 1 billion. Uber is valued at USD 50 billion and is active in 230 cities in 60 countries. Airbnb is worth USD 20 billion, is active in 34,000 cities in 190 countries, and has had 35 million guests and 2 million listings since its launch in 2008. BlaBlaCar has expanded beyond France's borders and has now recruited 10 million members in 13 countries.

The increasing importance of the collaborative economy

A recent survey indicated that in the UK, 11% of the population aged 15-75 (i.e. 5 million individuals) had found work at least once on a labour platform. A recent study by the French government estimates that in France alone, 'Airbnb' activities generated a turnover of €2.5 billion and created 13,000 permanent jobs.

Platforms could play a key role in the emergence of new forms of work and job creation, with more flexible work arrangements. They can improve the matching process between labour demand and supply. At the same time, they raise concerns regarding the atypical nature of these forms of employment (which may suit some workers, though) and their limited access to social protection.

New employment opportunities through platforms, but also new challenges

So far, surveys only provide patchy evidence. Some suggest that those providing services in the collaborative economy tend to be relatively younger and more highly educated than the general population, but often earn below or just above minimum wages. A large proportion has no form of social insurance. Some people appear to work long hours on several platforms.

5. CAPACITY BUILDING FOR SOCIAL DIALOGUE

Trade unions and employers' organisations can help to find a balance between competitiveness and fairness in a social market economy. The social partners contribute to this agenda through autonomous joint actions and through their involvement in policy and law making. For social dialogue to live up to its full potential, a number of conditions need to be met.

Social dialogue between workers' and employers' representatives is a key component of Europe's social model.

**108 trade union and
134 employers'
national cross-industry
organisations in the EU**

Across Europe, trade unions and employers' organisations have undertaken mergers and adapted the services they provide to their members to increase their membership and enhance their operational capacities. They are also reaching out to groups which tend to be underrepresented, including women, migrants, and workers in atypical employment. New forms of employment can blur the distinction between employers and workers, making the organisation of the existing structures difficult and posing a challenge to collective interest representation. As employment relationships and business activities change in the future, the role of social dialogue may become more important.

In many Member States, wage setting is at the core of social partners' bipartite activities. In line with diverse national traditions, workers' and employers' representatives conclude collective agreements at company, sector or cross-industry level. Across the EU, some 60% of employees are covered by collective (wage) agreements. In the Eurozone, this rate is nearly 75%. In many Member States, the social partners (and in some cases governments) are looking to modify wage setting systems, so as to allow flexible wage adjustments within a coordinated framework that takes account of the macro-economic situation. Where national minimum wages apply, social partners play different roles in setting this wage floor.

**115 national institutions
across the EU where
social partners discuss
policies**

There is no single European blueprint for effective involvement: each Member State has at least one forum in which social partners meet to discuss policy matters but these bodies vary widely in terms of their composition, policy scope

and degree of institutionalisation. Public authorities can establish permanent secretariats and stable structures to support these bodies. Beyond the institutional context, active involvement of social partners in a specific reform depends on timely provision of relevant information. Crucially, active involvement relies on the social partners' ability to find consensus and jointly promote their solutions vis-à-vis political decision makers.

Tripartite concertation between social partners and public authorities regularly builds on a strong bipartite social dialogue.

The involvement of social partners in policy and law-making requires an accommodating institutional framework and respect for their autonomy.