Tackling Undeclared Work

RegionalCooperation**Council**

This project is funded by
the European Union

A Learning Resource
**Improving the Involvement
of Social Partners in
Tackling Undeclared Work**

Employment & Social Affairs Platform 2 #ESAP2

Western Balkan Network tackling undeclared work

IMPROVING THE INVOLVEMENT OF SOCIAL PARTNERS IN TACKLING UNDECLARED WORK: A LEARNING RESOURCE

Sarajevo, May 2021

Colin C Williams

University of Sheffield

1. Introduction

On 19th April 2021, the Western Balkan Network Tackling Undeclared Work held an online seminar that brought together representatives from enforcement authorities and social partners. The intention was to discuss and share understanding of the major challenges they face in pursuing greater cooperation and provide tips for other Western Balkan economies on how these challenges might be addressed. It was also an opportunity to explore the scope for greater cooperation and to share learning on the type of initiatives that social partners can pursue to protect legitimate businesses and workers by transforming undeclared work into declared work.

Around 40 participants from the Ministries of Labour, Labour Inspectorates, Tax Authorities and social partners (representatives of trade unions and employers' associations) across the Western Balkans exchanged views and contributed to peer learning by answering the key discussion topics: identifying major challenges in developing greater cooperation; ways to improve the cooperation between social partners and authorities; and naming practical steps that could be undertaken to improve cooperation.

The aim of this learning resource is to summarise the discussion at the seminar. To do so, section 2 reports the discussion on the scope for greater cooperation between enforcement authorities and social partners, section 3 reports the discussion on the types of initiatives in which social partners could become more involved and section 4 the next steps that can be taken.

2. Developing cooperation between enforcement authorities and social partners

A 2020 RCC survey of social partners examined how they viewed their level of involvement in the body/bodies tackling undeclared work. No social partners say there is full tripartite agreement and consultation on sector specific inspection targets, information exchange and awareness raising, and only one (in MK) that there is tripartite consultation on either sector specific inspection targets, information exchange or awareness raising. A few say there is regular engagement in joint actions (e.g., information and awareness raising). **Most social partners state that there is only irregular ad hoc involvement with the authorities**. A few social partners assert that there is no consultation.

To improve cooperation between enforcement authorities and social partners, there is a need for both enforcement authorities and social partners to: (i) adopt building such partnerships as a strategic objective of their organization; (ii) identify the forms of cooperation desired; (iii) develop cooperation, and (iv) manage the resultant partnerships.

To improve cooperation between enforcement authorities and social partners, therefore, the **first step** is for both enforcement authorities and social partners to adopt building such partnerships as a strategic objective in their operational plans.

The **second step is to initiate partnership** building by identifying:

- the stakeholders with whom one wishes to cooperate to tackle undeclared work;
- the role and relevance of each stakeholder for each of the services provided by one's organisation (e.g., education and awareness raising; referrals; exchange of information; detection; joint inspections), and

- the level (international, economy, regional, local) at which each of these relationships is sought.

Having identified the relevant stakeholders and their roles, **the third step is to build these partnerships**. This requires:

- staff to be allocated with the objective of partnership building at the various levels of one's organisation;
- the specific activities and contributions expected from these employees who have the objective of partnership building to be specified; and
- the challenges to partnership building at various levels identified and solutions sought.

The **third step is to manage these partnerships** by:

- developing transparent agreements with them with each partner having clearly defined responsibilities;
- systematically monitoring and evaluating the outcomes of these partnership agreements, and
- sharing the monitoring/evaluation results with the partners.

Table 1 synthesises the views expressed during the seminar on the major challenges in developing greater cooperation and the identified ways forward (including practical steps that could be undertaken to improve cooperation).

Table 1. Initiating, developing and managing partnerships: challenges and ways forward

Challenges	Ways forward
• There is often a lack of will on one or more sides to cooperate. • There is often a lack of culture/ tradition of inspectorates and social partners cooperating with each other. • Lack of trust between parties. • Lack of understanding on both sides, displayed in views that social partners' expectations exceed inspectorates' capabilities and competencies to solve problems. • Both enforcement authorities and social partners often have no objective in their operational plans to initiate and/or build partnerships. • Social partners and enforcement authorities often perceive each other have different interests and different views on ways to tackle undeclared work. This leads to a lack of willingness to sit down and identify common ground. • Enforcement authorities are often	• For initiating cooperation, it is useful for both sides to identify the desired outputs and outcomes, and to share these with each other. • When sharing the desired outputs and outcomes with each other, the partners would seek to identify the common ground, and then the partnership should move forward on tackling these issues. This will give the partners common objectives. • If possible, common issues identified should be "hot topics" for all the partners involved. • For each partner, identifying the level in their organisation at which the collaboration will occur is necessary (international, economy, regional, and/or local). • It is useful to allocate responsibility for partnership building to specific named staff who are contact points for the partners. Besides giving them time to build these partnerships, resource support is also required (e.g., to help organise joint educational campaigns). • The specific activities and contributions expected from these employees given responsibility for

happy for cooperation on strategy, but not so much in relation to operations and data mining, sharing and analysis.	partnership building need to be clearly specified and if possible, built into their annual objectives and reviewed through the staff appraisal system.
• Enforcement authorities and social partners lack the human resources to initiate, build and manage partnerships, or are unwilling to prioritise this.	• Transparent agreements should be developed with each partner with clearly defined responsibilities, and desired outputs and outcomes.
• No focal point for contact with social partners and nobody given responsibility for developing this relationship.	• There should be a systematic monitoring and evaluation of the outputs and outcomes of the partnership agreements.
	• The results of the evaluation/monitoring should be shared with the partners.
• Evaluation of outcomes of cooperation with partners difficult.	• Feedback mechanisms should be developed to enable the partners to report back on the reasons for the outcomes and outputs so that continuous improvement can occur.

3. Social partner policy initiatives to tackle undeclared work

Turning to the range of policy measures used by social partners to tackle undeclared work, 59% of social partners in the 2020 RCC survey believe that they use a limited or very limited range of tools. Indeed, all social partners believe they need to improve the range of policy measures used.

To provide inspiration regarding policy initiatives that can be undertaken by social partners, Figure 1 summarises the full range of direct and indirect tools available to social partners for tackling undeclared work.

On the one hand, there are direct tools that can be used to make the benefits of operating in the declared economy outweigh the costs of working in the undeclared economy. These include, firstly, deterrence measures to increase the costs of non-compliance ("sticks") and secondly, incentive measures to make operating declared more beneficial and easier ("carrots"). On the other hand, there are indirect tools. These shift away from using "sticks" and "carrots", and instead recognise that employers, workers and citizens are also social actors who engage in undeclared work when there is a lack of vertical trust in government and a lack of horizontal trust in each other. They therefore pursue education and awareness raising initiatives to promote the benefits of operating in the declared economy and costs of operating in the undeclared economy, to change the acceptability of engaging in undeclared work.

It is often assumed that sanctions can only be used by enforcement authorities. However, social partners can use **sanction** initiatives, such as:

- Using non-compliance lists ("blacklists");
- Excluding businesses that have been sanctioned from supply chains, and
- Using "naming and shaming" lists.

Social partners could also take actions to increase the perceived and/or actual **likelihood of detection**, such as:

- Using Identity Cards (ID) in the workplace (e.g., Belgium, Iceland);
- Conducting inspections often jointly with inspectorates (e.g., Greece);

- Encouraging registration of workers prior to their first day at work;

- Using complaint reporting tools such as telephone hotlines (e.g., Belgium, Sweden);

- Certification of business, certifying payments of social contributions and taxes, and

- Supply chain responsibility/due diligence initiatives adopted by social partners (e.g., Belgium, Sweden).
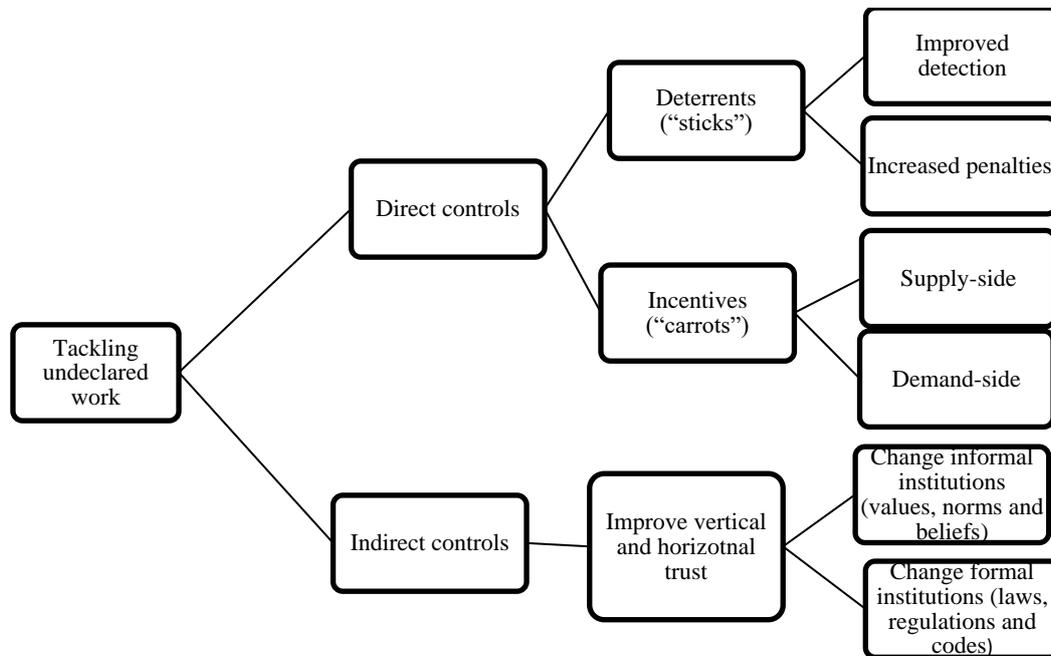

Figure 1. Policy measures available to social partners for tackling undeclared work

Social partners could also pursue **supply-side measures** to stimulate suppliers of undeclared work to operate in the declared economy, including:

- Simplifying procedures and processes for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication), such as the European Federation of Building and Woodworkers' (EFBWW) app to provide workers with information on the existing regulations in the construction industry in each European member state;

- The provision of tax and social security incentives to operate in the declared economy (e.g., Builders Social House in Romania where employers and trade unions provide social security benefit payments over the winter months to declared construction workers);

- "Formalisation" advice to start-ups (e.g., StreetUK initiative in the UK);

- "Formalisation" support services to existing workers and businesses (e.g., Project UnionMigrantNet, a European network of contact points providing services to migrants, which has been established, managed and supported by trade union; the Cuore initiative in Italy);

- Provide free record-keeping software to businesses, fact sheets on record-keeping requirements and free advice/training on record-keeping;

- Access to free marketing (e.g., the "business walking routes" initiative in Athens pursued by an employer federation to provide legitimate businesses with free marketing).

Social partners could also use **demand-side measures** that encourage purchasers to buy goods and services from the declared economy, including in cooperation with government:

- Use of social labels to encourage socially responsible purchasing (e.g., "Just Tourism" initiative in hotel sector in Montenegro), and

- Appeals to purchasers to operate in the declared economy (e.g., in Italy where trade unions promoted the regularisation of undeclared labour in supplier businesses by appealing to the purchaser).

Finally, they can pursue **educational and awareness raising campaigns** either independently or in cooperation with government, including initiatives to:

- Inform suppliers of the risks and costs of undeclared work (e.g., an employers federation campaign in Latvia; a trade union campaign in agriculture in Italy; and the tripartite "Bad for you! Harmful for all!" campaign in Portugal);

- Inform suppliers of the benefits of declaring their work (e.g., a student competition organised by the Free Trade Union Confederation of Latvia, which included a prime time television quiz show for students);

- Inform users of the risks and costs of purchasing in the undeclared economy (e.g., "Get it in Writing!" campaign in Canada), or

- Inform users of the benefits of purchasing in the declared economy (e.g., "social label" campaigns, exemplified by the "JustTourism" initiative hotels whose employment practices and whose staff's working conditions meet pre-determined criteria for decency and fairness are given a "seal of approval" by trade unions).

These initiatives can be pursued by social partners not only in cooperation with government but also independently to protect legitimate businesses and workers by transforming undeclared work into declared work.

In the last session of the webinar, the social partners and enforcement authorities responded to the following questions:

- Which 1 or 2 of such policy initiatives would you prioritise for implementation in your Western Balkan economy?

- What are the barriers to adopting these 1 or 2 policy initiatives in your Western Balkan economy? What can be done to overcome these barriers?

- How could enforcement authorities help social partners make progress on implementing these policy initiatives?

The agreement on the side of both social partners and enforcement authorities was that the social partners had a valuable role to play in tackling undeclared work. As such, there was a mutual agreement that the range of policy initiatives could be expanded of social partners in the Western Balkans. Ideas proposed ranged from organising awareness raising campaigns targeting the education of younger people through using compliance lists to the conducting of inspections alongside enforcement authorities.

4. Next Steps

To take forward the discussions at this seminar, the Western Balkans Network Tackling Undeclared Work has taken the following steps:

- A 30-page **Toolkit** has been produced, and posted at the ESAP 2 webpage, this toolkit is providing (i) a methodology for how enforcement authorities and social partners can initiate, develop and manage partnerships with other stakeholders involved in the fight against undeclared work and (ii) inspiration for social partners by reporting the wide range of policy initiatives being used by social partner organisations to tackle undeclared work across the Western Balkans, European Union and beyond.

Further Reading

EFBWW and FIEC (2020) *Tackling undeclared work in the construction industry: a toolkit*, FIEC and EFBWW, Brussels. Available at: https://www.fiec.eu/download_file/view/719/396

Eurofound (2020) *Involvement of national social partners in policymaking – 2019*, Publications Office of the European Union, Luxembourg. Available at: https://www.eurofound.europa.eu/publications/report/2020/involvement-of-national-social-partners-in-policymaking-2019

European Platform Tackling Undeclared Work (2017) *Report from the working group on social partner success stories*. Available at: https://ec.europa.eu/social/BlobServlet?docId=18479&langId=en

Stefanov R., Mineva D. and Terziev, P. (2019) *Social partners and their key role in tackling undeclared work: 12 success stories,* Brussels: European Platform Undeclared Work Available at: https://ec.europa.eu/social/BlobServlet?docId=22264&langId=en

Williams, C.C. (2021) *Evaluating the involvement of social partners in tackling undeclared work in the Western Balkans*, Regional Cooperation Council, Sarajevo.