Only competitive companies can create quality jobs

Position paper on the European Commission's proposed Quality Jobs Act

This document has been machine-translated from German. The original German version is available here.

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Summary

The Quality Jobs Act announced by the European Commission addresses the problem at the wrong place. Instead of reducing existing EU burdens, it risks creating new ones. The stated goal of reducing EU bureaucracy by at least 25 per cent must also be achieved in the field of employment and social affairs. So far, no concrete proposals have been put forward to this effect. The EU needs a genuine labour market omnibus that provides tangible relief for businesses and simplifies existing rules. The Commission's new regulatory plans, set out in a Quality Jobs Act across six dimensions, threaten to undermine this objective. Instead of creating new obligations, the package must support businesses in offering quality jobs within the EU. To this end, the Quality Jobs Act must meet the following requirements across the six planned dimensions:

- The existing EU framework on AI and algorithmic management at work must be simplified as a matter of urgency instead of introducing further bureaucratic hurdles. Existing double regulation must be dismantled and the use of AI in the workplace promoted rather than hindered.
- The Workplace Directive and the Display Screen Equipment Directive must be simplified and made less bureaucratic. Liability and obligations must be strictly limited to those workplaces where employers actually have legal access and control.
- The Commission must refrain from introducing new rules on subcontracting. Existing requirements are sufficient; they simply need to be consistently enforced and monitored by the Member States.
- Successful economic transformation cannot be achieved through regulation alone. It requires tailored, market-based solutions. Uniform European requirements would fail to reflect the diversity of transformation processes and slow down change.
- The enforcement of EU legislation is the responsibility of the Member States: weaknesses in labour inspections and authorities must be addressed. Workable and proportionate legislation facilitates enforcement.
- Social partner agreements must always take precedence over new EU regulations. These enable tailored and practical solutions for the world of work.

In detail

European companies are facing rising costs, complex requirements and growing international competitive pressure. In this situation, the European economy needs one thing above all else: greater competitiveness and less bureaucracy. The ‘quality jobs’ favoured by the European Commission are not created by new regulations, but by competitive companies. Good framework conditions foster growth, productivity and employment.

Promoting use of AI instead of hindering it

The EU must not subject AI and algorithmic management to even more bureaucracy. AI and algorithmic management systems at work are already regulated by numerous EU and national regulations. This applies all the more to the broader concept of algorithmic management at work: EU regulation would interfere deeply with work processes that have evolved and been tested within companies over many years. Europe needs a framework that enables innovation whilst empowering people in their working environment. In this context, a clear distinction must be made between AI and non-AI digital applications.

It must be made easy for companies to use digital technologies to create quality jobs. The aim must be to reduce bureaucracy and dismantle multi-tiered regulatory hurdles, rather than creating new or even additional regulatory structures. With the AI Omnibus, the European Commission has already sent a clear signal regarding Europe’s competitiveness. It must now be implemented swiftly.

The existing AI regulatory framework urgently needs to be simplified. Duplicate rules and complex procedures are holding back the deployment of digital technologies. Furthermore, the European Commission must strictly adhere to the ‘once-only’ principle: overlaps between, for example, the AI Act, the General Data Protection Regulation, the Platform Work Directive and occupational health and safety frameworks must be addressed and eliminated. This also applies with regard to respective national laws – such as the Works Constitution Act (BetrVG) in Germany.

To ensure a uniform, business-friendly environment across Europe, there must also be no ‘gold plating’ in the Member States. Any national deviations must be clearly ruled out. The Commission’s AI Office should ensure, during implementation, that national measures and the EU-wide regulatory framework are consistent. Last but not least, collective agreements are best placed to reflect national and sectoral needs. They must not be hindered by additional EU legislation. Furthermore, businesses need reliable and clear guidance on which laws apply and how, so that they can use AI effectively and create new jobs.

Social partnership agreements, such as the EU social partners’ agreement on digitalisation, provide practical guidelines for the use of AI in the workplace – for example, regarding skills development, transparency, the ‘human-in-control’ principle and the protection of workers. Solutions such as these can be flexibly adapted to different sectors and workplace realities. Approaches developed through social dialogue are more responsive, nuanced and practical than rigid legal requirements. Not least, they foster social acceptance, which is crucial, particularly when it comes to the use of AI in the workplace.

We should provide targeted re- and upskilling for the workforce, whilst actively utilising EU initiatives that create better conditions for developing AI in Europe – such as the AI Continent Action Plan. Only in this way can we create an environment that promotes innovation and protects European values.

Enabling mobile working through modern occupational safety and health policies

In many companies, mobile working arrangements have proven their worth for years – underpinned by trust, personal responsibility and solutions based on social partnership. Anyone wishing to ensure work-life balance, participation and competitiveness must allow scope for differentiated solutions, such as for working from home. A modern occupational health and safety policy draws clear lines regarding liability, defines practicable obligations and enables companies to fulfil their responsibilities realistically and effectively. The flexibility of mobile working in workplace practice must not be undermined by rigid EU minimum requirements that effectively only permit traditional office workplaces. This cannot be in the interests of employees.

It makes sense to integrate the Display Screen Equipment Directive into the Workplace Directive. In this way, work at display screen equipment can be regulated not in isolation, but embedded within the overall context of the working environment. A uniform regulatory framework reduces bureaucracy and allows for simpler and more user-friendly occupational safety and health legislation. This is particularly crucial for small and medium-sized enterprises.

Simplifying mobile work means: placing responsibility for occupational safety and health only where employers can actually take action. The modernisation of the Workplace Directive and the Display Screen Equipment Directive must therefore not extend liability. Employers can only guarantee occupational safety and health where they have access, knowledge and the power to shape conditions. Additional liability for locations outside the legal control of companies is neither appropriate nor in line with the constitution.

Mobile work is not a new form of employment; existing protective regulations have long covered it. New regulations at European level are therefore not necessary. In the case of mobile work, occupational safety and health obligations remain in place. Employees must also fully comply with their duty to cooperate and their personal responsibility regarding their safety and health. It therefore makes sense to reaffirm the provisions on employee responsibility set out in the EU Framework Directive on Safety and Health at Work. The EU Framework Directive also already contains a comprehensive employer obligation to protect safety and health in all work-related aspects, thereby covering psychosocial and ergonomic risks as well, without the need for additional specific regulations.

Obligations to carry out individual assessments of every single home office workstation trigger numerous procedures and place a burden on both companies and employees alike. This would result in the proven practice of working from home being made less available and utilised less frequently. Clear, comprehensible framework guidelines that focus on the hazards that actually arise in mobile working are more useful. The scope of obligations must be based on the actual influence and access available to employers. There must be sufficient flexibility for implementation in operational practice, and employees' obligations to cooperate should be addressed.

Maintaining subcontracting as a tool for a competitive market

The Commission must refrain from introducing new binding EU requirements on subcontracting – both in public procurement law and in the private sector. Existing EU regulations already provide effective protection for workers: however, they must be consistently implemented and monitored by the Member States. Monitoring is always the less restrictive mean compared to a ban and should therefore be carried out in a targeted manner. Subcontracting is an indispensable component of modern value creation. It enables companies, particularly SMEs, to make flexible use of specialised expertise, work more efficiently and remain innovative: they secure contracts they could not handle alone, create jobs and thus strengthen Europe as a business location.

Regulations that impose blanket limits on subcontracting chains destroy established business models and hit SMEs particularly hard. They violate the general freedom of contract and also the freedom to pursue a profession. Joint and several liability along the subcontracting chain is disproportionate and creates incalculable risks. Yet effective instruments already exist: Article 12 of the Enforcement Directive on Posted Workers (2014/67/EU) and Article 71 in conjunction with Article 18(2) of the Public Procurement Directive (2014/24/EU) regulate liability and control in subcontracting chains when awarding public contracts.

The European Parliament rightly recognised this in its own-initiative report (2025/2133(INI)) from February: it called for neither a binding directive nor a limit on subcontracting chains, and explicitly acknowledged the added value of subcontracting, particularly for SMEs. Where abuses arise, this is due to a lack of enforcement, not a lack of guidelines. This is a matter for the Member States, not the EU legislator.

Enabling ‘just transitions’ in a pragmatic and market-oriented manner

The EU economy is under pressure and thus faces enormous challenges. But economic transformation cannot be regulated into existence. It is a dynamic process that thrives on entrepreneurial adaptability and a willingness to take risks – neither of which can be imposed by the state. In the spirit of the social market economy, a ‘just transition’ – to use the Commission’s catchphrase – can only succeed if businesses have the freedom to invest on their own terms, to develop new solutions with courage and to act flexibly. What is needed are framework conditions that enable and accelerate change – rigid regulations only act as a brake here. Transformation processes are as diverse as industries, regions and business models. They require market-based solutions that take the respective economic context into account. Uniform European guidelines would not reflect this diversity and would slow down change processes.

The EU already has a comprehensive network of rules governing restructuring, as well as employee information and consultation – including the Directives on Collective Redundancies, Transfer of Undertakings and Information and Consultation, and the 2025 revised European Works Council Directive. These existing requirements must be simplified and consistently implemented. This will help, above all, young companies and innovative SMEs that are driving change forward with courage and speed. Only in this way can companies and employees navigate these changes in an economically viable and competitive manner.

The EU should support transitions pragmatically, for example, through guidance that makes existing legal frameworks and support instruments, such as the Just Transition Fund and the Climate and Social Fund, more visible. On the other hand, new information obligations, mandatory social partner procedures or expanded individual employee rights that encroach on the autonomy of the social partners and the organisational autonomy of companies are not helpful. New social conditionalities, which tie access to funding to additional requirements, must also be avoided. Such requirements slow down processes and increase costs without offering employees any real added value. Competitive businesses are needed to secure quality employment and drive just transitions.

Successful enforcement starts with good legislation

Member States are responsible for enforcing EU regulations. The EU can only provide support in this regard, for example through the exchange of best practices. Labour inspectorates play a central role in effectively applying existing labour laws. Across Europe, shortcomings in public authorities must be consistently addressed.

However, enforcement problems often have a much deeper root cause: employers and employees are frequently confronted with legal uncertainty or double regulation when attempting to comply with complex requirements. There is a lack of information from government bodies regarding which rules apply to whom. Companies can only comply with requirements if they are clear and practicable.

This can be achieved above all when the EU legislative process is better organised and results in comprehensible and logical EU law. It is also crucial to structure the legislative process in such a way as to avoid unnecessary or disproportionate bureaucracy. This requires better regulation throughout the preparation, negotiation and implementation phases of legislation. The Commission must, for example, conduct better, more coordinated and more transparent consultations. Social partners should be given special consideration and also be more closely involved in purely economic legislative proposals. The ‘one in, one out’ and ‘think small first’ principles must be applied consistently. Trilogue negotiations must also be made more transparent, and impact assessments must be updated in the event of significant changes to the legislative proposal. During the implementation phase, Member States should always avoid ‘gold plating’ and give businesses sufficient time to comply with legal obligations.

Give priority to social partner agreements over new EU regulation

Agreements between social partners must be taken seriously as a genuine – and often better – alternative to EU legislation. They enable tailor-made and practical solutions that meet the specific needs and requirements of the sectors, companies and their employees involved. Joint agreements addressing employment policy aspects of AI have already been concluded in numerous sectors at European and national level.

Social partners can also support the effective implementation of existing rules – but to do so, national social partners must be given greater scope. The Council Recommendation on strengthening social dialogue in the EU obliges Member States to actively promote social dialogue and support collective bargaining. The

focus should also be clearly on delivering on the commitments made by the Commission in the Pact for European Social Dialogue and in the Council Recommendation – at the appropriate level in each case: it is important that social partners are involved in a timely manner in the design and implementation of relevant regulatory measures – including within the framework of the European Semester – and that social dialogue is supported politically, administratively and financially. In doing so, the voluntary nature of social dialogue, the autonomy of the social partners and the diversity of national industrial relations systems must be fully preserved.

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