



Policy brief

ALGORITHMIC MANAGEMENT AND DEMOCRACY AT WORK IN THE EU

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Introduction

Artificial intelligence and algorithmic management have received increased attention by policy and social partners in the last years, and with the rapid diffusion of ChatGPT and similar tools from 2022 onwards, also by the general public. Whereas opportunities for innovation and progress are celebrated with regard to productivity, resource efficiency, and also health or education, concerns persist over the distribution of productivity gains, job losses that may also affect skilled and knowledge-intensive work, exacerbated discrimination, intrusive surveillance of workers, further expansion of precarious work and poor working conditions on platforms and beyond (“gig work”), and increased inequality.

The EU aims to become a forerunner in regulating AI through the AI Act and the Platform Directive. However, regulation currently remains patchy and several challenges remain. European social partners are also making inroads: they have concluded a [framework agreement on digitalisation](#) in 2020 in which AI is addressed, and sector-specific joint declarations were negotiated in the traditionally digital-intensive telecommunications and [insurance](#) sectors, and in the metal engineering industry. Some social dialogue is taking place in newly emerging sectors and subsectors as well: at Just Eat Takeaway a European Works Council is being established, and UNIGlobal and global service provider Teleperformance have concluded a global agreement on workers’ rights that specifically addresses content moderators.

Meanwhile, the picture of actual deployment of AI-based technologies and AM is uneven and also contested among social partners. On the one hand, AI-based functionalities are increasingly added to generic software packages, and platform-based delivery services have become an everyday feature in European cities. On the other hand, dedicated applications are largely implemented in incremental ways, especially in manufacturing and financial services (Lane et al., 2023; Milanez, 2023). Our research shows that this difference in the speed of changes has political implications for the speed and timing of regulatory interventions and social dialogue.

To explore the influence and involvement of social partners in regulating AI and AM on the European level, we conducted a literature and document analysis on AI/AM regulation and social dialogue on the European level in 2022 and updated it in early 2024 (Holtgrewe et al., 2024), and a series of expert interviews with representatives of social partner and industry organisations in 2023 on social partners’ activities in the field took place and was analysed in 2023 (Holtgrewe & Dworsky, 2024).

Synthesis of major findings and highlights

In European legislation the influence of social partners was uneven. The European AI strategy and the AI Act prioritise market creation and general regulation for AI over issues of work and employment. Trade unions were only marginally involved in the preparation of this legislation. Although applications affecting work and employment are considered “high risk” in the Act, much political rhetoric frames these issues in terms of a fundamental trade-off between innovation and regulation in which a “balance” must be found. The Platform Directive (which after trilogue negotiations in March 2024 has not received a majority in the Council) is a more targeted attempt to regulate employment and work with attempts to clarify employment status and workers’ rights.

In both instances, more comprehensive and stricter regulation was demanded by the European Parliament but in the trilogue large member states promoted liberal business interests, frequently on behalf of expected national champion AI companies. How the governance structures in both regulations will be mandated, how advisory bodies will be recruited and how regulations will be enforced, leaves many open questions.

- ✓ Social partner initiatives in the private sector mirror some polarisation of digital-intensive labour markets. Joint declarations have been concluded in the traditionally data-intensive telecommunications and insurance sectors. Employer associations and unions jointly aim for win-win configurations in which productivity increases and “good jobs” enable one another. This entails skill provision, AI enhancing and not replacing human abilities, prevention and mitigation of discrimination and unfair bias. Their agreements go beyond the AI Act in foreseeing clearer procedures of stocktaking and foresight as well as complaint and redress for workers. Given the variety of AI implementation across sectors, agreements are becoming more process-oriented: the framework agreement on digitalisation largely consists of processes of discussion, assessment and negotiation to gather practical insight and exchange on good practices. Unions especially discuss how codetermination can be ensured in the light of frequent and incremental expansion of AI- and AM technologies with a view to new and improved processes of consultation and review.
- ✓ Yet behind the rhetoric of “balances” between competitiveness and workers’ rights lie conflicts over the transparency of algorithm-based decisions, information asymmetries and uncertainties over possibilities and practices of control and monitoring.
- ✓ In both influencing legislation and conducting social dialogue, employer associations appear to have difficulty in aggregating their members’ interests. Emerging business opportunities and options are unequally distributed among companies in various countries, regions, sectors and those of varying sizes. Key technology players and platform companies exert their influence on the European level but appear to be largely outside the reach of established employer associations. Nevertheless, employer associations apparently rely on some slowing down of the process of regulation, pointing out that in most established industries uptake of AI and AM technologies is slow and

incremental, and that companies already have an interest in ensuring “trustworthy” AI. This, however, is in strong contrast with the acceleration in competing for market shares that both AI tech providers and platform companies are pursuing in recent years.

- ☑ Compared to employer and business organisations, unions present a more coherent picture. They are relying much on their cross-sectoral umbrella organisations out of necessity, and ETUC and ETUI are providing considerable expertise and interest aggregation although awareness and capacities to address these issues are unevenly distributed among member unions. They also rely on national unions’ input and in the platform economy, on bottom-up organising and collaborations of national unions with emerging bottom-up initiatives.
- ☑ Unions do point out the dynamics of network effects in the digital economy, in which increasing market shares of platforms or tech providers may quickly turn into quasi-monopolies or oligopolies across sectors. Gaps and hesitation in regulation may thus entrench precarious jobs and poor-quality working conditions, especially those of vulnerable workers. For this reason, unionists have a sense of urgency that cannot rely on slow-moving EU regulation at large but must set steps in social dialogue on all levels simultaneously. Indeed, social dialogue and tripartite national policy initiatives have been influencing the Platform Directive especially, and the coordinated contacts with the European Parliament brought the AI Act to pay more attention to the world of work.
- ☑ The incremental diffusion of AI and AM assumed by employer associations is contested by trade unionists’ experience: They observe more extensive uses of AM and AI beyond the platform economy, for example, in the sectors of logistics or among large temporary employment agencies. Frequently, companies are reluctant to inform workers and unions about workplace monitoring or criteria for performance appraisal. Others obfuscate responsibilities for algorithm-based decision-making, for example between international headquarters and national management. Behind endorsements of the “human-in-control” principle by all social partners, it remains unclear whether in the use of self-learning algorithms, the reasoning of “the algorithm” can be rendered explainable and transparent in ways that allow for worker representatives to meaningfully consult over and co-determine such uses.
- ☑ This opacity and “regulation fatigue” observed among employer associations may well present a fundamental challenge to social dialogue, since mutual trust and shared definitions of the situation are essential to any kind of bargaining. The shaping of technologies and the cultivation and strengthening of social dialogue thus are intertwined, and there is a risk of untransparent uses of AI/AM undermining social dialogue faster than it can be built up, especially in the less-organised sectors and regions in Europe. Developing more process-oriented formats of consultation, assessment and reflection may be one auspicious way to address these challenges.

It remains to be seen how the interdependent web of bottom-up, national, and European initiatives of social dialogue, civil society and policy will manage to aggregate the diverse “old” and “new” interests and values of working people affected by the cross-cutting AI and AM technologies. They

clearly need all the cooperation and mutual help they can get – and very likely, the division of policy domains in Europe between market regulation, employment and workplace regulation, and industrial policy needs to be complemented by ways to develop more integrated views.

Policy recommendations

→ A systemic approach to the governance of AI

For all these reasons, a more “systemic” and dynamic approach to the governance of AI and AM with regard to the world of work is advisable. This may well require a distinct body of legislation that gives human, social and workers’ rights more of a priority and connects AI governance with the more ambitious legislation on worker rights of information and representation, anti-discrimination and data protection. However, this will require ongoing political pressure.

→ Social partners representation

In implementing the AI Act, in the monitoring and advisory bodies, social partner organisations need to be represented in relation to the relevance of the world of work to Europeans.

→ Monitoring AI regulation

Successful regulation requires attention to enforcement. Here, alignment of supervision and monitoring, possibly with existing mechanisms such as labour or OSH inspection on the national level, is likely to be more effective than a multiplication of supervising offices and authorities.

→ Improving technological skills of unions

Lacking access to technological expertise and knowledge is a challenge to unions, especially smaller and weaker ones that do not organise technology sectors, and those in Central and Eastern Europe. European social partners and policymakers would be well advised to explore ways of connecting technological and workplace expertise and develop infrastructures of consulting and mediation.

→ Tackling regulation versus innovation dualism

In shaping technologies in human-centered ways, both policy and public debate need to overcome the dualism of regulation versus innovation. Less regulation may encourage externalisation of risk to society at large or to vulnerable groups. Clear and fair regulation that includes some self-assessment and reflexion may, in turn encourage innovations. Well-placed “red lines” of unacceptable AI uses, for example, and a stronger commitment to risk prevention than mitigation can save innovators and societies costly mistakes and contribute to directing innovations and investments to socially useful areas.

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