

“Impact of Covid-19 on economy, companies’ and workers – workers involvement in designing and implementing measures to address the impact of Covid-19 crisis”

Themes:

1. -Impact of Covid-19 on companies and employment in different sectors (hospitality, commerce, industry)

- On which economic sectors do you think the epidemic had the greatest impact?

Impact on companies and employment:

As in all countries in Spain business activity has been severely affected by the social and economic crisis caused by the Covid-19 Pandemic.

But the Pandemic did not have the same consequences in all economic sectors, since some sectors completely paralyzed their activity while others, such as the sectors declared essential, did not paralyze their activity at any time during the Pandemic, some even increased their activity.

Those sectors with higher levels of social interaction were the most affected. The sectors on which Covid had the most negative impact were: hotels, tourism, commerce (non-food), transport, cultural and leisure activities and some industrial activities, due to the lack of raw materials (such as construction, automotive, textile sector).

It is important to note that during the first phases of the Pandemic, all the measures taken in the companies had the health of the workers and the maintenance of employment as their top priority, above the economy.

One of the most important measures implemented to support companies and maintain employment was the approval of the *Temporary Employment Regulation* (Expedientes de Regulación Temporal de Empleo-ERTES), regulated in Royal Decree Law 8/2020 of March 17, on urgent and extraordinary measures to face the economic and social impact generated by Covid.

The figure of the ERTES became the main employment protection measure during the Pandemic. In some cases they involved the total suspension of employment and in others the reduction of the working day.

The amount of the benefit received by the worker was 70% of the basic salary and 50% as from the seventh month. All workers in an ERTE situation were entitled to this benefit, even if they had not contributed for the minimum time required to receive unemployment benefits (365 days).

During the period of the ERTE, the payment of the social security contributions of the affected workers is maintained and assumed by the Administration, as it is an ERTE due to "force majeure".

The obligation for the companies that took advantage of these regulation proceedings is that they could not dismiss the workers for 6 months from the date of their incorporation to the job.

Some companies also supplemented workers' salaries up to 100%, especially large companies.

Some of the business and union representatives who participated in the discussion group work in the above-mentioned sectors and provide their particular views:

- Hospitality: Practically 100% of the workforces in this sector took advantage of the ERTE. In sectors such as the hotel and catering industry, workers' benefits were not supplemented by the companies, but some employers advanced salaries without interest to the workers, since there was a long delay in the payment of benefits to workers under ERTE.

- Industry: Unlike other sectors, in the industrial sector there was no generalized shutdown and in some sectors there was even an increase in sales, such as in the health care, pharmaceutical, etc. sector. In some companies, the percentage of the ERTE was supplemented, and apart from that, some large companies that increased their activity gave extra bonuses to the workers.

- Commerce: Commerce in general ceased its activity, with the exception of food commerce, which, being considered as one of the essential activities, maintained its activity during the Pandemic, although not all the companies managed to stay open, depending on the size, while the large supermarkets increased their activity, some small stores were forced to close due to the lack of personnel because of the sick leave of their employees.

In relation to this sector, some union representatives point out that the Pandemic has been a key accelerator for the development of e-commerce, with all the effects and changes that this implies in the economy and in employment: the development of related sectors such as logistics and distribution, but also the loss of employment in the traditional trade sector, of direct sales.

Impact of Covid on more precarious employment:

ERTES have been a very important employment containment measure during the Pandemic, as they managed to protect more than 3.6 million workers at their peak of coverage in 2020. However, they have not prevented the subsequent increase in unemployment levels, especially for those workers with higher levels of labor precariousness.

The impact of Covid has not affected all workers equally; the effects of the pandemic have been more negative on the most vulnerable groups of workers: women, young people, those over 50 years of age, less qualified workers, those with more precarious jobs, with temporary contracts and lower incomes. If no measures are taken to encourage the

employment of these groups, their unemployment situation tends to become chronic, accentuating the risk of social and labor exclusion.

Do you consider that apart from the sector of the business, its size played a role in shaping the problems it has faced during the epidemic crisis?

Covid has not affected all companies equally; all participants, both union and business, agree that the size of the companies is a key factor that has influenced the greater or lesser impact suffered by the Covid crisis.

SMEs, especially smaller companies, are the ones that have been most affected by the situation of cessation of activity, which has led many of them to close down, especially in the sectors most affected by the crisis.

The Spanish business fabric is mostly made up of SMEs, approximately 99.7%, a percentage very similar to that of other neighboring countries, of which almost 95% are micro-companies with fewer than ten workers. On the other hand, about 73% of the employment in our country is generated by SMEs. The data are somewhat less positive when we speak in terms of production, since only 63% of the total added value corresponds to these companies and in terms of productivity, the average productivity of micro-enterprises is approximately half that of large companies. This lower productivity of smaller companies can be explained by various internal and external factors, such as their lower capacity to invest in technical, technological, human and material resources.

SMEs are therefore in a situation of greater vulnerability to economic crises such as the one experienced during the Pandemic.

Except the epidemy do you think that there are additional reasons that magnified the above problems?

Covid aggravated the crisis situation in which many companies, especially the smaller ones, already found themselves, due to structural problems such as lack of liquidity and excessive indebtedness.

This lower volume of business, with the consequent fall in income, the fixed costs existing despite the cessation of activities, has resulted in an increase in the companies' liquidity needs to ensure their continuity.

Many of the measures adopted by administrations at European, national, regional or local level have been aimed at alleviating these risks (tax moratoriums, the ERTES themselves, public loan guarantee programs, improved access to public financing for companies).

Internal problems also include the lack of resources of smaller companies to adapt to the organizational changes that had to be carried out in companies: adaptation to new working environments, digitization of processes, measures to ensure the protection of employee health and safety, etc...

Other external factors aggravated the problems of the: delay or interruption in the supply of raw materials; insufficient labor in some sectors, difficulties related to digital commerce and changes in customer demand, etc..

Once the most critical phase of the Pandemic has passed, the recovery of many companies has been affected by new external threats: war in Europe, political and economic instability at global level, the energy crisis and the consequent increase in the cost of supplies, etc..

2 - Information, consultation and participation of representatives of employees during business closures and cease of activities

- **It usually happens that in periods of crises, the management of companies has the tendency to make decisions in an “autocratic” way without previous consultation with employees. Do you think that this was the case during the epidemy?**

In a way, due to the exceptional circumstances resulting from the emergency situation experienced, the uncertainty of both companies and workers, the promptness of decision making, etc... made representatives make their demands more flexible, considering the fundamental objective of saving employment.

Information channels remained opened, through the work of the trade union representatives. However, consulting processes – although not suspended by the regulations (*only deadlines were reduced) – were not carried out in many cases. Some measures were decided without this previous consultation and workers were informed a posteriori.

* **The Royal Decree-Law 8/2020 of 17 March** on urgent extraordinary measures to address the economic and social impact of COVID-19 established a reduction in the deadlines for consultation and negotiation with workers on the measures agreed on employment, which were shortened from 15 to 7 days.

- **In the case you have answered in a negative way to the above question, what were the subjects on which the management asked the opinion of employees and their participation in consultation procedure?**

Only requirements demanded by the approved regulations during the crisis, such as those linked to the approval of the ERTES, which asked a previous consultation of representatives, were consulted in order to prevent subsequent cancellations or imputations of the proceedings.

Other decisions that were decided with the workers are the safety and health risk prevention measures.

- **How effective was the involvement of employees and their contribution to the establishment of solutions?**

In general, the social dialogue at tripartite level worked and it can be said that the involvement of in the design of employment measures was effective. The main measures were approved thanks to the consensus of representatives and the government. Significant measures were also decided at sectoral level, especially in

areas such as risk prevention and health protection of the workers. At company level, the capacity of employees to participate in decision-making processes was more limited, except for cases mentioned above.

- **In case the involvement of employees had positive results, why do you think this happened?**

Other measures were mentioned by the trade union representatives during the discussion:

- The improving the communication processes between the company and employees
- That reports of the workers' representatives must be mandatory
- The respect of consulting deadlines
- The information subject to previous consultation must be received for workers in due time and form so that they can express their opinion before it becomes definitive.

Greater employee information leads to improved consultation and participation processes but. Receiving information is important. However, information also has to be received in time (before the company has taken any decision), in a certain way (that is understandable and accessible to the employee) and must be timely, useful, efficient and transparent, so that the worker is heard and has a participatory role.

Participants mention the possibility of being part of the decision-making bodies of companies as the main way to influence in company decisions.

Information, consultation and participation of representatives of employees in designing teleworking or hybrid work arrangements

- **Especially what was the information and consultation procedure and participation of employees' representatives as far as teleworking is concerned? Did the management take the initiative or it happened after the pressure by employees?**

During the Pandemic, telework was implemented in many cases as a preventive measure in order to protect workers' health as well as employment. From March 2020, telework was the most effective way to keep working and to minimize the health risk caused by the Pandemic.

First, in general, the decision to implement telework was the initiative of companies and workers didn't participate in the organization of this new way of working.

Most workers who teleworked during the first phases of the Pandemic did not receive any type of support or help from the companies or even compensation for the costs of teleworking; in most cases, they were even using their own equipments.

Once the most critical phase of the Pandemic ended, the spreading of telework made necessary the development of a regulation which allowed to respond to

certain questions raised by this new way of work organization. This is the reason why, within the framework of tripartite social dialogue, Law 28/2020 of 22 September on teleworking was approved.

This Act regulates the minimum conditions for telework (based on voluntariness and on a written agreement between workers and companies). Employees must be provided with the necessary equipment to carry out their work. A minimum compensation of €1.5 per day of teleworking is provided, when teleworking represents more than 30% of the working day.

In terms of protection of trade union rights, remote workers have the same rights as those who work in the workplace.

- **In the case employees' representatives participated in this procedure how do you assess this participation?**

The regulation of the Telework Law and its subsequent development through collective negotiations or specific agreements with companies are generally perceived in a very positive way by workers' representatives.

In the discussion group, some of these trade union representatives participate – in the framework of negotiations or sectoral collective agreements with companies – to the elaboration of specific measures on telework that improve minimum conditions set out in Law 28/2020.

Except the rapid progress that has been made in telework, the participants recognize that other important challenges remain, such as: the consolidation of the remote work model born through the legislation, handling stress, work-life balance, the improvement of technological and digital skills to adapt this new working environment, the prevention of ergonomic and psychosocial risks, the guarantee of the social rights of remote workers...