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The OECD released the Employment Outlook for 2023, under the title “Artificial Intelligence and the Labour Market.” The publication assesses the current state of labour markets in OECD countries, before nosediving specifically into the issue of artificial intelligence (AI) and how it affects job quantity, quality, skills, the regulatory environment, and social dialogue.

Overall, the publication provides a “nuanced picture of the early impact of AI which – even before the more recent wave of generative AI – showed strong opinions and sharp divisions on the benefits and risks.”

Given the early phase in AI adoption, the OECD does not find yet a sizeable impact on employment levels, not wages, whether in a positive or negative sense. Companies are waiting to fully assess the impact of AI before making final decisions, preferring to rely upon voluntary quits, retirement and waiting on new hires until both the economic situation and the impact of the new technology becomes clearer. Still, the Employment Outlook reminds that taking AI into account, 27% of occupations are at high risk of automation, three in five workers are worried that their jobs will be replaced by AI in the next ten years, and two in five workers in finance and manufacturing, based on an OECD survey, fear their wages will be reduced over the same period, due to AI. Ethical challenges and work intensifications are other risks that, if tilted to the negative side, could negatively impact on job quality in the coming years.

Therefore, “how AI will ultimately impact workers and the workplace, and whether the benefits will outweigh the risks, will also depend on the policy action that we take. The advance of AI in the workplace should not be halted because there are many benefits to be reaped. Yet we should also avoid falling into the trap of *technological determinism*, where technology shapes social and cultural changes, rather than the other way around.” To reap the benefits and manage risks, the OECD suggest, training and social dialogue are important instruments.

Importantly, the Employment Outlook provides a comprehensive analysis of employment and wages in the cost-of-living crisis. Among the most important findings is the fact that nominal wage increases have not kept up with inflation rates, eroding real wages and limiting their impact on inflation levels. On the contrary, “profits have increased more than labour costs, making an unusually large contribution to domestic price pressures, and leading to a fall in the labour share.”

This leads the OECD to two relevant conclusions:

- Governments should support wage setting institutions, including statutory minimum wages and collective bargaining, as important and useful instruments to cope with the cost-of-living crisis, also by reinvigorating the role social dialogue and tripartite agreements.
- The expansion in the profit share shows that there is margin for firms to increase wages and absorb such increase internally, which would not feed into higher prices and would contribute towards a fairer distribution of the cost-of-living crisis.

These are important messages in fighting the wage-price spiral rhetoric, which is not based on any available evidence, and shifting the focus of policy action away from central banks and more towards strengthening labour market institutions to protect workers in the cost-of-living crisis, without the risk of triggering another recession.

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1. A balanced analysis of labour markets at a time of high inflation

The first chapter of the Employment Outlook offers a comprehensive assessment of labour market trends (employment levels and wages), with a timely analysis of current inflation dynamics and the role of profits, as well as an assessment of minimum wage dynamics and collective bargaining.

Employment dynamics

On the one hand, it shows that labour has been resilient between COVID-19 and the period that followed the Russian invasion of Ukraine. Despite weaker-than-expected GDP growth in 2022 and modest expectations for 2023-24, employment rates at OECD level are 3% higher in May 2023 than before the pandemic, while unemployment rate stood at 4.8%, that is half a percentage point below pre-COVID-19.

Looking at Indeed data leads the OECD to say that labour market tightness is receding, with a downward trend in new job postings in many countries, but with variations across countries and sectors. These differences can be explained based on single economies' structures, the strength of the economic rebound after COVID-19, the exposure to energy prices. The re-shuffling in the labour market also seems to be receding, with the number of quits slowing down and labour market participation remaining sustained. In this sense, fears and expectations related to the "Great Resignation" appear now overstated: at least for countries with available data (United States, United Kingdom, France, Italy, to name a few) the increase in quits seems to have reached its peak in 2022, and even in historical comparison has not been particularly stronger than in previous economic recoveries. On the positive side, a scrutiny of new online job posts hints to a

certain improvement in offered working conditions, at least in some countries (Canada, UK, and the US) starting with a rise in permanent contract job offers, as well as better employment benefits (health and retirement schemes).

On inflation and wages, the Employment Outlook provides thus far the most accurate analysis done by the OECD on this subject. Importantly, it starts by pointing to the triggers of the price surge, i.e., the quick rebound from COVID-10 and related supply chain, followed by the spike in energy prices associated with the Russian invasion of Ukraine in February 2022. Subsequently, in the second half of 2022, inflation passed through to goods and services, translating into higher and stickier core inflation.

Labour market tightness might be correlated with better working conditions in new job offers (albeit causality remains to be tested) but has not translated into substantial wage improvements: “In Q1 2023, nominal year-on-year wage growth exceeded its pre-crisis level in nearly all OECD countries, reaching 5.6% on average across the 34 countries with data available. However, real wages fell on average by 3.8%, with declines observed in 30 countries.”

The Employment Outlook also points out that the impact of rising inflation is particularly hard on low-income households, whose share of most inflated goods in their consumption basket is larger than for higher-income households (fuel and energy, for example), and who might have less leeway to substitute current consumption goods with cheaper alternatives, as they already buy those.

In recent months, the gap between nominal wages and inflation rates has been tightening, but this is mainly the result of a slowdown in inflation rates, rather than substantial improvements in nominal wages. It is also important to point out that aggregate trends mask substantial differences across countries and sectors, to be found in labour demand, labour market institutions such as minimum wage laws, collective bargaining, and employer monopsony power.

Limited and provisional data available thus far point to a better performance in low rather than high wages, which might have somewhat reduced wage inequalities in some countries (compression of the wage distribution in the US).

Wages, profits, and inflation

Unit labour costs have increased in most countries, as nominal wages have been growing at a faster pace than labour productivity, but have not kept up with prices, leading in fact to a decline in *real* unit labour costs in 18 out of 29 countries with available data. Profit rise, on the other, has been particularly strong, assimilating any increase in input costs and then some more: “in most countries, unit profits rose more than unit labour costs in 2021 and 2022. As a result, over the last two years, profits have made an unusually large contribution to domestic price pressures.”

According to the OECD, among the reasons that facilitated the rise in profits for companies were the specific conditions of the COVID-19 recession and subsequent recovery, with sustained public support to companies preserving their production capacity, increased savings that propelled consumption at the re-opening of the economy, strengthening demand in the face of supply bottlenecks, as well as firms’ frontloading of expected input cost increases (most notably, energy), which did not manifest in the end. Overall, profits contributed more than unit labour

costs to the increase in prices, and this effect has been particularly pronounced in the euro area. This leads the OECD to suggest that “there is room for profits to absorb further partial adjustments in wages without generating significant price pressures or resulting in a fall in labour demand” and that there is “no indication of signs of a price-wage spiral so far.” What is also interesting is that a short-term fall in firm profitability might not derive from rising wages, as mentioned, but rather “by a fall in the demand due to the tightening of monetary policy and the erosion of purchasing power.”

In this context, the cost-of-living crisis keeps hurting working families. To help, the Employment Outlook suggests a number of possibilities for governments, from increasing national statutory minimum wages to promoting regular re-negotiations of collective agreements. Direct, targeted, and temporary income support to low-income households is also welcome, says the OECD.

Beyond minimum wages, the Employment Outlook stresses the role of collective agreements in achieving fair wages, while limiting the risk of wage-price spirals through social dialogue. The OECD stresses again the negative trend in both trade union density and collective bargaining coverage across OECD countries, which are down in 2020 to 15.8% and 32.1%, respectively. Yet, even countries with high rates of collective agreement coverage, such as Austria, Finland, Italy, the Netherlands, and Sweden have seen a decline in real wage levels over the last year or two. Reasons are multifold: negotiations are periodical, on average every 12-24 months, which means that many collective agreements have not incorporated yet recent inflation. In some countries, this has prompted to advance negotiations in order to tackle the current cost-of-living crisis (Portugal), while in other high economic uncertainty has actually led to postpone renewal negotiations, preferring ad-hoc solutions such as one-time payments (chemical sector in Germany). Furthermore, there might be significant *de jure* and *de facto* discrepancies, even in countries with high collective bargaining coverage (Italy), where firms might find ways to circumvent national contracts and renewal of expired contracts is delayed, further eroding real wage levels.

All in all, the OECD finds that rather than increasing risks of wage-price spirals, collective bargaining can have important stabilising effect insofar it smooths wage increases over the business cycle. Under this light, while it is expected that nominal wages might pick up more strongly over the course of 2023, these increases should only make up for the lost ground in the past quarters and do not pose any threat to future price stability: “wage setting institutions – minimum wage and collective bargaining – are key to achieve sustainable wages increases and ensure a fair distribution of the cost of inflation between firms and workers, as well as among different groups of workers.”

Focus on minimum wages and negotiated wages

The remainder of the labour market analysis focuses on the role of minimum wages and collective bargaining in cautioning the impact of the cost-of-living crisis under sustained inflation. It is based on a policy questionnaire on measures to fight inflation distributed to businesses and trade unions.

Minimum wages have kept up with inflation, thus far, with a number of upward adjustments introduced in most OECD countries with a statutory minimum wage, between 2021 and 2023. Still, the OECD warns that this might not last if inflation drags long enough, eroding once more real minimum wage levels. Nominal wage adjustments are conducted on an annual basis, mostly, but are not automatised in most countries. The only countries with a national automatic form of

indexation for minimum wages include only Belgium, Canada, France, Israel, Luxembourg, the Netherlands, and Poland. Canada, Switzerland, and the US have forms of sub-national indexation mechanisms. Minimum wage increases can be either indexed to price or average wage levels, depending on the country.

Overall, the OECD does not find a strong spillover effect from minimum to average wage increases, that is minimum wage hikes do not seem to necessarily push the rest of the wages upwards, but this effect could be somewhat stronger at times of higher inflation, like the present one, if the wage distribution gets too compressed. Once more, this limits any potential risk of a wage-price spiral triggered by adjustments for the bottom of the wage distribution.

2. Artificial Intelligence will have considerable impact on the workplace, but the net effect is still not clear

While the adoption of AI remains relatively low, the OECD considers that falling cost and the increasing availability of workers with AI skills indicates that countries might be “on the brink of an AI revolution” and that AI may soon affect “all sectors and occupations.”

To assess the current and potential future impacts of AI on the demand for labour, job quantity and job quality (and the resulting policy implications), the OECD draws on existing literature and the findings of surveys and case study interviews of workers and firms that have adopted AI in the workplace that it conducted in 2022. While these represent a welcome contribution to the currently-limited evidence base regarding the impact of AI on the world of work, it should be emphasised they cover two specific sectors – finance and manufacturing – in a relatively small number of countries (Austria, Canada, France, Ireland, the United Kingdom, the United States and, in the case of the case studies, Japan). It should also be noted that the surveys and case studies would have only reached workers who had continued to be employed at their respective firms following the introduction of AI and that, while employers were surveyed by telephone, the worker surveys were carried out online, which means that workers without internet access would have been excluded. Altogether, these limitations could lead to strong positive biases in interpreting workers’ perception of AI, as they cover early adopters and gainers in the AI transition. It also leads the OECD to adopt, in some instances, an overly optimistic tone or framing that appears somewhat at odds with the findings and arguably weakens the call for urgent policy action to address the “significant risks” posed by AI. This should be clearly kept in mind in analysing the Employment Outlook findings.

The overall message is that, while AI offers many benefits, “there are also significant risks that need to be urgently addressed.” To address these risks, the OECD calls for both a “coherent framework of policies and regulations” and social dialogue and collective bargaining, which is a welcome consideration.

The Outlook shows differences in outcomes for different groups of workers in terms of job quantity and the various dimensions of job quality, therefore the need for policy action to make AI work for *all* workers and leave no one behind.

The impact of artificial intelligence on demand for labour and aggregate employment

The OECD finds that where AI has made the most recent progress is in performing non-routine, cognitive tasks and, consequently, the workers who have been the most exposed to AI are those in high-skilled occupations, such as business professionals, managers, chief executives, and science and engineering professionals. However, it is important to acknowledge that recent

developments in AI are a specific stream of the broader context of digitalisation and automation and should be considered in this light.

In this regard, the OECD observes that, given the acceleration in AI development and adoption, its impact may be larger in the near future, but that, so far, there is little evidence of negative employment effects due to AI.¹ It bases this conclusion both on existing empirical studies examining the effect of AI on aggregate employment and on recent surveys and case studies of firms that have adopted AI. However, this seemingly optimistic conclusion should be treated with caution:

- Firstly, while the impact of AI on job quantity so far appears negligible, AI may still lead to employment stagnation in the long run, with fewer new job opportunities, and even to a decline in employment, if retiring workers are not replaced by new recruits. This point is made by the OECD (albeit somewhat obliquely) in its discussion as to why the employment effects of AI have so far been small, and is supported by research finding decreased vacancy postings for jobs not requiring AI skills in firms most exposed to AI despite there being no aggregate decrease in employment.
- In addition, as the OECD finds, although the number of firms that have adopted AI is so far relatively small, there is already evidence of some skills becoming redundant. Workers in both the OECD AI surveys and case studies reported that some of their skills had become less valuable or redundant following the adoption of AI in their workplaces.

The OECD finds that workers in high-skilled occupations, despite being more exposed to AI, have seen employment gains relative to lower-skilled workers over the last ten years. This is based on both an external survey of AI-producing firms and the OECD case studies of manufacturing and finance firms adopting AI, which found that low-skill workers were often at the greatest disadvantage because their tasks (and, by extension, their jobs) would be automated and, unlike other workers, they were often the most difficult to retrain or move to another position within the firm.

However, it should be noted that the non-linearity in AI technology progress and the fact that it is a self-correcting, self-evolving technology considerably hinders the ability to infer future impact based on recent experience and compared to previous technological revolutions. The OECD makes this point in its discussion of large language models and their capabilities in the Outlook's third chapter, where it notes that such models "may put an entirely new set of jobs at risk" and "pose problems for predicting employment changes because they are emergent – they learn things their trainers did not expect." This point also highlights the need for caution with respect to the conclusions that can be drawn from the studies on which the OECD bases its findings regarding the impacts of AI on aggregate employment: as these studies – or at least their datasets – date back several years, it is questionable as to the extent to which they can be taken as reflecting an accurate picture of AI's current or near-future impacts on employment.

¹ The OECD outlines three ways in which AI may, in theory, affect demand for labour. Through automation, AI can replace tasks previously performed by human labour, resulting in a *displacement effect*. However, through creating new tasks, it can result in a *reinstatement effect*, creating new jobs and leading to increasing demand for labour. Finally, the cost savings arising from automation can increase demand for goods and services, which can in turn increase demand for tasks and jobs not automated by AI (the *productivity effect*). The OECD argues that "[w]hether the productivity effect dominates the displacement effect, and therefore whether automation increases or decreases labour demand, is the core question facing the future of labour and AI."

It should also be noted that survey results regarding net employment changes do not show the full picture, and may hide other, less positive, shifts in the world of work. For example, one of the studies examined by the OECD found greater turnover rates in firms following AI adoption, despite the overall survey results showing no aggregate changes in employment. This could reflect one-time turnover to upgrade the skills needed for the new AI environment – but it is also conceivable that, by automatising complex tasks previously requiring extensive human training and know-how, AI could lead to permanently higher turnover through enabling a higher use of temporary contracts and the hiring of less qualified workers.

Job quality, wages, and productivity

According to the OECD, the impact of AI on job quality will depend largely on the way AI is managed in the workplace. The adoption of AI has different consequences for different groups of workers across the various dimensions of job quality (productivity, health and safety, autonomy, and work intensity), and therefore affects labour market inclusiveness. Workers who are managed by AI report very different experiences from managers and workers who develop or maintain AI.

For the larger share of workers who use or interact with AI (but do not necessarily have AI skills), the OECD finds that AI appears to have so far had only a minimal effect on wages. Interviewees in the OECD AI case studies most often reported that the wages of workers most affected by AI technologies remained unchanged; wage increases were only reported in 15% of instances. Still, workers who use AI are worried about future changes. The OECD AI Surveys found that, when asked about what impact they expected AI would have on wages in the next ten years, just over 40% (42% of those working in finance and 41% of those working in manufacturing) reported that they expected AI to decrease wages in their respective sectors. In line with the general theme throughout the Outlook of different impacts for different groups of workers, managers were the group of workers most likely to report that they expected their wages to increase.

The OECD argues that the limited effect of AI on wages – particularly for workers exposed to AI – may reflect its limited impact on productivity. However, the absence of rising wages in AI should also be considered in light of the findings that AI may strengthen employers' power in setting wages. Whether the expected productivity increases from AI lead to wage increases or decreases for workers in practice depends on the existence of labour market institutions such as robust collective bargaining that work to counteract the potential for AI to exacerbate imbalances in bargaining power and in general ensure a fair sharing of the benefits of innovation. Indeed, the OECD highlights that, notably, instances of reported wage increases “tended to occur in Austrian case studies, where collective bargaining over such matters can be strong.”

Impact of AI on worker autonomy, job satisfaction and mental and physical health

AI can be associated with greater job satisfaction and improved mental and physical health. However, the extent to which this is the case varies across different groups of workers, with workers who are managed by AI reporting very different experiences from those who develop or maintain AI. This further highlights the potential polarising effects of AI.

The Employment Outlook claims that AI can improve workers' autonomy (defined as control over the sequence in which they perform their tasks) – but, again, this depends on the way and the context AI is implemented, as evidenced by both the OECD AI surveys and the external literature. In the OECD AI surveys, 20% of finance and 20% of manufacturing workers reported that AI had *decreased* the control they had over the sequence in which they perform their tasks,

with the share being greater (23% for finance workers and 31% for manufacturing workers) for workers managed by AI. Indeed, the OECD notes that “[t]here is a risk that systematic management and monitoring through AI systems reduce space for subordinates’ autonomy and sense of control over how to execute their tasks, especially if...involving full automation of managerial tasks.” The OECD shows that this “risk” is in fact a reality for workers in a variety of industries, referring to evidence of warehouse workers being denied the ability to make marginal decisions on how to execute their work or on how to move their own limbs, and of the adoption of software enabling continuous real-time performance reviews in sectors such as consultancy, banking, and hospitality (as well as in the platform economy). The OECD further notes that the “extreme levels of monitoring and performance feedback made possible by algorithmic management can make workers feel commoditised”, “create a sense of alienation” and “decrease employees’ engagement with work”, while the lack of transparency and explainability of decisions made by AI systems also leaves them unable to adapt their behaviour to improve their performance and hinders their ability to contest or seek redress for wrongful outcomes.

The OECD AI surveys further reveal that AI can result in a faster pace of work: 75% of respondents working in finance and 77% of respondents working in manufacturing reported that AI had increased the pace at which they performed their tasks. For workers managed by AI (approximately one in 15 workers in manufacturing and finance), the share rises to 85% and 76% respectively. The OECD initially cautions that increased work pace “may not lead to greater stress because it is concomitant with greater worker control over the sequence used to complete tasks.” However, this is not the case for all workers, particularly those who are managed by AI; as noted above, 23% of finance workers and 31% of manufacturing workers managed by AI reported decreased autonomy following the introduction of AI in the OECD AI surveys. For workers who are managed by AI, increased work pace and more intense performance targets *do* go hand-in-hand with increased stress. The OECD goes on to show this in its discussion of the impacts of algorithmic management, referring to AI-led telematics systems that put “such pressure on [delivery] drivers to ‘beat their time’ that the resulting work intensification decreases workplace safety”, and wearable AI-powered devices that continuously monitor and score warehouse workers against picking targets “leading to heightened stress and burnout” when combined with the threat of layoff. The OECD also acknowledges more generally that AI can affect workers’ “well-being” by facilitating extensive monitoring and by increasing work intensity. It should be noted, however, that the impacts of intense employer surveillance and constant monitoring against performance targets go beyond “well-being” concerns and give rise to psychosocial risks for workers, a point that is regrettably overlooked by the OECD in its claim that “AI generally leads to improved mental health and physical safety.”

The OECD also finds that, “if not designed or implemented well”, AI systems can also pose risks for workers’ physical safety, such as through dangerous machine malfunctioning or by increasing work intensity through higher performance goals. Although over 60% of workers in manufacturing reported improved physical health following the introduction of AI in the OECD AI surveys, the OECD cautions that workers whose health had deteriorated due to the use of AI may have been more likely to exit the firm and would therefore not have had their views reflected in the surveys.

[AI and labour market inclusiveness](#)

The OECD finds that AI has the potential to increase fairness in the workplace, resulting in greater job quality and inclusiveness, but this depends on how it is designed and implemented,

and whether this is done in a way that mitigates, rather than replicating and systematising, existing biases. The OECD notes that bias can be built into AI systems in the development phase through the choice of parameters, the choice of data, and through biases in the data themselves (which are often incomplete, incorrect, or outdated, and reflect historical biases). Bias can also “occur at all points of use of AI systems in the workplace”: in hiring, performance evaluation, and even in access to the workplace or workplace tools when AI-powered facial recognition systems are used to authenticate workers. The OECD observes that, while bias is also widespread in human decision-making, a systematic use of biased AI systems “carries the risk of multiplying and systematising bias, reinforcing historical patterns of disadvantage.” It further notes that discrimination in AI systems is more unintuitive and difficult to detect, posing challenges in terms of the ability to invoke the legal protections offered by non-discrimination law.

The OECD argues that AI can strengthen labour market inclusiveness by improving the accessibility for workers who are typically at a disadvantage in the workplace, referring to the potential for AI-powered assistive devices or prosthetic limbs to improve workplace accessibility people with disabilities and the potential for AI’s real-time translation capacities to improve the performance of non-native speakers. However, the OECD overlooks the fact that the AI-powered or administered assessments and tasks that are increasingly used in recruitment processes may be designed in way that disadvantages people with certain characteristics or physical and mental impairments and can therefore operate as a significant barrier in access to employment opportunities for persons who are already disadvantaged in the labour market (such as persons with disabilities).

The OECD also finds that inclusiveness may be negatively impacted by the fact that using AI in the workplace is “harder if not impossible” for individuals with low levels of digital skills.” These concerns are to some extent reflected in the findings of the OECD AI surveys, with a sizeable share of employers in both the financing and manufacturing sectors reportedly considering that AI is likely to harm older and low skilled workers (29% and 31% respectively of employers in finance; 27% and 25% respectively of employers in manufacturing). The OECD makes a case for specific attention to be directed to “vulnerable groups”, particularly older and low-skilled workers, to enable them to adapt to the changes brought about by AI adoption in the workplace.

The lack of transparency and flexibility in algorithmic rankings can also result in indirect discrimination. By way of example, the OECD refers to a 2021 legal case brought by the CGIL to defend the rights of a group of Deliveroo riders in Italy, challenging a rider-ranking algorithm used to allocate access to work slots based on the perceived “reliability” of the riders. The Court found that the algorithm used an unclear data processing method and failed to consider legally protected reasons for not being able to work (such as sickness, emergency, or exercise of the protected right to strike), and therefore indirectly discriminated against workers. The complexity and lack of transparency in algorithmic decision-making can also make it more difficult for workers to contest AI-based employment related decision-making using existing anti-discrimination laws, as the OECD notes.

Furthermore, many managers and workers may have only limited experience with AI and may lack the skills to understand when and how AI systems are being used. Workers may also not always be aware that AI systems are being used in recruitment processes or that they are being managed or monitored by AI in the workplace. This deprives workers of their right to know and understand when, why and how decisions affecting their working conditions are being made, as

well as who is accountable. This makes it difficult, if not impossible, for workers to contest such decisions and undermines trust in the workplace.

The OECD rightly observes that AI-powered monitoring and surveillance software “include features leaving very little privacy to workers” and that the personal data that are collected and processed by AI systems are more extensive than what can be collected and processed by humans or other technologies. By way of example, the OECD refers to evidence of remote surveillance software capturing live photos of workers through their company laptop webcam; software recording workers’ unsent emails or activating webcams and microphones on workers’ devices; and wearable devices capturing sensitive physiological data on workers’ health conditions, habits, and possibly the nature of their social interaction with other people. The findings from the OECD AI surveys show that data collection and privacy represent a significant concern for workers: more than half of workers who reported that their employers’ use of AI involved the collection of data on workers expressed worries regarding their privacy, with the share being even higher among those who said the data were collected to assess their performance. In addition, 58% and 54% of workers in finance and manufacturing respectively reported being worried that too many of their data were being collected.

The risks to workers arising from the extensive surveillance and monitoring enabled by AI go beyond privacy infringements, however. The data that can be collected through AI tools can be used by employers to predict workers’ intentions to organise in a trade union and deploy union-busting tactics that go against fundamental rights at work, as is evidenced by examples of employers using worker data to monitor potential unionisation “hotspots” in 2020. The OECD does hint at this, where it notes that data collected through AI “can also be used by employers – even involuntarily – to inform consequential judgments”, but unfortunately does not expand on the risks posed to labour rights.

[A coherent framework of policies and regulations is needed to ensure trustworthy AI](#)

The OECD argues that, to fulfil their potential, AI systems need to be “trustworthy”, and they need to be used in a “trustworthy” way. According to the OECD, “trustworthy” means that: (1) AI is safe and respectful of human rights; (2) the way it reaches employment-related decisions is transparent and understandable by humans; (3) employers, workers and jobseekers are made aware of and are transparent about their use of AI; and (4) it is clear who is accountable in case something goes wrong.

The OECD notes that ensuring trustworthy AI in the workplace “calls for a coherent framework of policies and regulations.” In addition to helping to ensure the safe and responsible development and use of AI, the OECD argues that policies and regulations will also help to build trust amongst users, decrease employers’ and developers’ fears of litigation and encourage research, development and innovation, which may improve AI systems in the future.

The OECD finds that existing non-AI specific legislation provides a foundation for the regulation of AI systems in the workplace, but that it may need to be adapted and extended, and potentially complemented with AI-specific legislation, as AI systems develop and become more integrated in the workplace. For example, the OECD notes that, while many OECD countries have laws protecting people against discrimination, it may in practice be difficult to contest AI-based employment-related decisions using only existing laws. With respect to existing privacy and data protection legislation, the OECD notes that “[w]hile privacy and data protection laws such as the GDPR often require that data subjects give explicit consent for the use of their personal data, it

is uncertain whether meaningful consent can be obtained in situations of power asymmetry and dependency, such as job interviews and employment relationships.”

The OECD highlights the role of workers and social partners in the AI-policy-making process, emphasising the crucial need for “workers, employers, social partners and regulators [to] have a comprehensive understanding of the benefits and risks of using AI in the workplace” in order to “continue to improve AI policy decisions.”

3. Collective bargaining should play a central role in managing the digital transition and AI

The Employment Outlook calls out for strengthened social dialogue and worker bargaining power to manage transitions and achieve a fair distribution of productivity gains. In discussing the impact of AI on job quantity and skills, the OECD argues: “Strengthening worker bargaining power can ensure that cost savings from AI retained within the firm are shared equally. Some share of the cost reductions from AI will ultimately be retained inside the firm as rents. Policies to empower social partners can ensure that these rents are shared with incumbent workers and not completely retained by owners. In addition, social partners can facilitate retention of workers whose jobs are at risk of automation ensuring they are retained in different roles.”

However, social dialogue is not only essential in distributing productivity gains ex-post, but it is endogenous to the very mechanism of enhancing productivity through new technology, including in this particular case AI: by ensuring a broader sharing of the economic benefits of AI, social dialogue contributes to stronger aggregate demand, which further intensifies the productivity effect and consequently the creation of additional jobs.

The final chapter of the Employment Outlook sheds further light on social dialogue and collective bargaining in the context of AI, showing that the two play a key role in managing the risks to workers associated with the introduction of AI in the workplace. Such risks are widespread and include the intensification of the workload and the pace of work, mental health risks due to excessive surveillance, discriminatory bias, and greater power imbalance to the advantage of management resulting from unlimited collection of worker data. Some of the points made in this chapter could have been more strongly integrated and reflected throughout the Employment Outlook.

According to the OECD, social dialogue can play a vital role in ensuring that AI introduction in the workplace is fair and respectful of workers’ rights, such as not being subjected solely to algorithmic decisions (Spain, banking sector agreement), the right to be informed about the algorithmic formula setting working conditions (again, national tri-partite agreement in Spain), or the right to review planned technological changes to ensure workers are retrained rather than dismissed (UPS agreement with Teamsters in the United States).

Original OECD research based on surveys of social partners and workers finds that workplaces using AI and having a worker representation (trade union, work council, health and safety committee) are much less likely to expose workers to heavy loads, long working hours, or high noise, compared to workplaces that also use AI but do not have a worker representation.

One of the key conclusions the OECD draws is that jobs are richer and tasks less routinised in companies where there the workers’ voice is heard. Since this also implies less monitoring of

workers' activities, it also pushes employers to invest more in the type of AI-systems that improve working conditions instead of ones that automate all routine tasks.

At the same time, the OECD warns against the risk of AI weakening the workers' voice, when used to monitor union activity and workers' initiatives to unionise, in an effort to dismantle this attempt at the start. Additionally, AI could facilitate new forms of business model leading to more non-standard forms of employment, where trade unions face more hurdles in organising workers.

Faced with the conundrum of AI possibly weakening social dialogue, rather than social dialogue improving the impact of AI in the workplace, the OECD formulates some recommendations for policymakers to consider:

- Promote consultations and dialogue on AI with social partners.
- Support social partners efforts to expand membership to new forms of work.
- Invest in AI-related expertise in the workplace, also relying on external experts to build it in the onset, as has been done recently in Germany where works councils have been granted the right of consulting an expert when the introduction of AI is in discussion.

If there is one message on AI that should be retained from this year's OECD Employment Outlook is that if we want the future of technology to be in our hands, we need stronger trade unions and stronger collective bargaining to make sure artificial intelligence is used in ways that are fair, respectful of workers and that expand workers' rights.