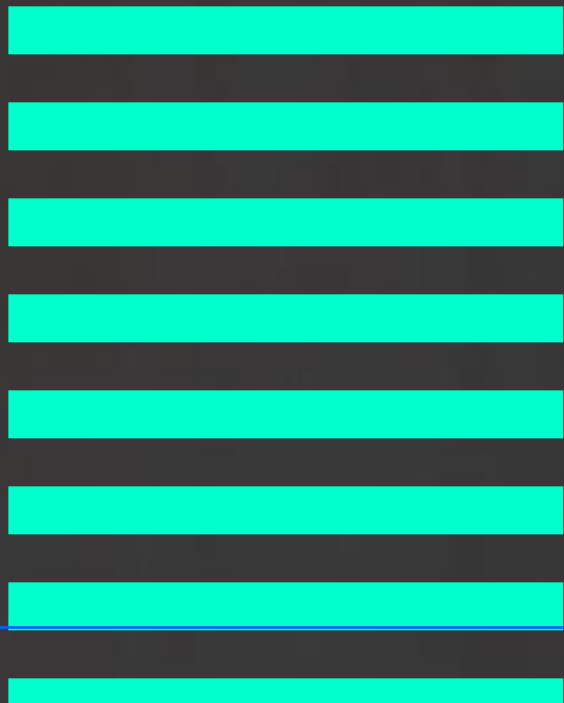


# Labour Market Regulatory Outlook



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Q1 2024



# Introduction

In the Q1 2024 Pontoon Labour Market Regulatory Outlook, we explore pivotal regulatory news and insights that are sculpting the landscape of the global labour market.

We delve into critical topics shaping the global workforce landscape like the ongoing push for global pay equity and how recent legislation redefines salary transparency. As the 2024 elections approach, we examine potential shifts in labour policy and their implications for businesses. The evolving nature of worker classifications presents unique challenges and opportunities, demanding a fresh perspective. Amidst growing talent scarcity, we analyse effective strategies for attracting and retaining top talent. We also evaluate

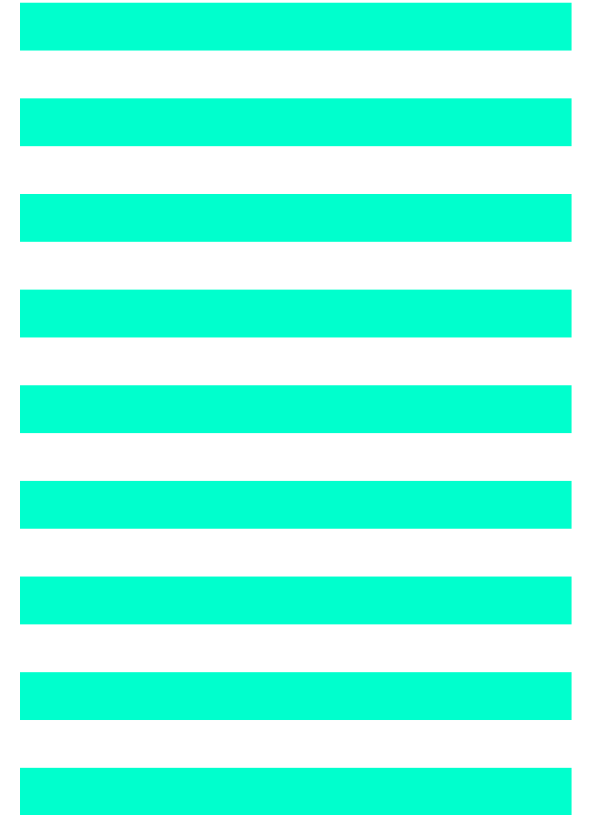
the transformative role of AI in recruitment, discussing its benefits, pitfalls, and future directions.

Our comprehensive outlook is designed to provide you with a succinct digest of worldwide employment news which may have significant implications for your organisation.

Additionally, we offer Pontoon's critical takeaways for employers, providing valuable insights that can aid in navigating the complexities of employment law.

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# Global pay equity

As of the start of 2024, Hawaii is the newest state to join a growing list of U.S. states implementing laws to enhance salary openness, joining California, Colorado, Connecticut, Maryland, Nevada, New York, Rhode Island, and Washington. Globally, Canada and the European Union are at the forefront of this trend:

- **British Columbia's Pay Transparency Act** introduces novel obligations for employers. Notably, employers are now prohibited from inquiring about a job applicant's past remuneration and penalising employees for discussing their pay. As of November 1, 2023, all public job advertisements in B.C. must disclose the anticipated salary or salary range.
- The **EU's Pay Transparency Directive** is setting a global standard, requiring unprecedented openness in remuneration and career progression. It necessitates a cross-functional approach to pay equity that considers discrepancies within groups performing equal work and opportunity gaps.

Most pay equity laws call for businesses to review whether their use of AI causes unintentional discrimination that may violate employment law. This applies to compensation decisions and impacts businesses using algorithmic decision-making tools like pay equity software.

Source: [World at work](#) [SIA](#)

## Key considerations

From a business perspective, these developments underscore three significant areas of impact:

### Risk and compliance

Businesses must be mindful of the legal landscape and its implications for their operations. Non-compliance with pay equity laws can result in significant penalties and reputational damage. For instance, in the EU, companies with a pay gap of more than 5% are required to conduct a joint pay assessment with workers' representatives. This necessitates businesses to stay up-to-date with the changing laws and regulations on pay equity across different jurisdictions.

### Administrative burdens

The push for pay transparency comes with substantial administrative responsibilities. Companies must now disclose salary brackets or hourly rates in job postings in many regions of the world. Furthermore, businesses must undertake regular pay equity analyses to identify potential issues preemptively. These tasks demand considerable time and resources, highlighting the need for efficient administrative systems.

### Organisational changes

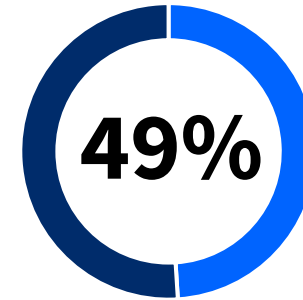
Lastly, the drive towards pay equity demands significant shifts within organisations. The changes can be extensive, from restructuring job roles to developing new policies reflecting updated worker classifications.

# Elections impacting regulatory policy

Employers should **keep an eye on elections this year** as they could potentially affect international business environments. These include the **U.S. Presidential election**, which will likely have significant global implications, and general elections in **major economies like India, Mexico and Brazil**. Other noteworthy events are the **United Nations Secretary-General election** and the **European Parliament election**. These political events can shape policies impacting multinational corporations and global trade.

Therefore, employers should consider these potential shifts when planning their business strategies.

Also, persistent regional conflicts reflect differing perspectives on inter-country relations, posing challenges to the peaceful governance of global trade and international economics. These disputes may influence changes in employment law, as they can impact business operations and labour market dynamics. Moreover, societal and international polarisation on labour market issues is rising. Key areas of contention include climate change, talent mobility, forced displacement, diversity and inclusion, and the predictability of governance. These topics could drive significant shifts in labour laws and regulations. See source for full list of country elections and map: [Time](#)



**of the world's population is set to hold national elections in 2024.**

## Key considerations

In the face of pressing global issues like climate change, national identity, and migration, labour market policies focusing on workplace diversity, the balance of supply and demand for green skills, and access to foreign talent are gaining prominence. Employers must be prepared for these shifts, regardless of political ideologies, as election victors will be compelled to swiftly deliver on their promises.

Following the 2024 elections, the European Union (EU) will install a new European Parliament (EP) and European Commission (EC). Key areas of focus for EU labour market policy will likely include remote working, works councils, AI applications in employment, prohibition of forced labour goods, and potentially agency work. Employers should also anticipate the new EP and EC overseeing the implementation of ESG reporting, due diligence, pay transparency and the AI Act.

# US worker classification



Effective March 11, 2024, the U.S. Department of Labour (DOL) introduced a new rule replacing the 2021 Independent Contractor Rule. It uses a simpler six-point Economic Reality Test to classify workers as either independent contractors or employees. The test considers profit potential, investments, job permanence, control, relevance to employer's business, and skill level.

This change affects interpretations under the Fair Labour Standards Act (FLSA), potentially influencing decisions about benefits, minimum wage, overtime, unemployment insurance, and Social Security. The goal is to minimise worker misclassification through clearer guidelines.

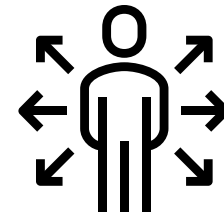
DOL mandates that employers adhere to its new regulations for assessing Independent Contractors. Noncompliance could lead to significant consequences. These include Civil Monetary Penalties levied by the DOL for specific infractions, and back wages owed to workers who were underpaid or not paid at all due to misclassification. In some cases, employers might also need to pay liquidated damages equivalent to the unpaid wages. Furthermore, the DOL or impacted employees have the right to seek injunctions or court orders to enforce compliance.

## Key considerations

The U.S. Department of Labour's (DOL) new rule requires employers to proactively reassess their workforce classification to ensure compliance. Key considerations include understanding the risk and compliance requirements associated with worker misclassification, which could lead to significant penalties, back wages, and potential legal actions.

Transitioning to the new rule also involves administrative burdens, requiring a comprehensive review of your workforce, including reevaluation of contracts and updating payroll systems. Organisational changes may be necessary to align with the new rule, involving potential restructuring and policy development. Effective communication of these changes across the organisation is crucial to promote transparency and inclusivity.

# Talent scarcity amid changing regulations



In 2024, the talent scarcity issue will amplify due to changes in global legal and employment regulations. New laws emphasising labour rights and protections are being adopted worldwide, covering various aspects from working conditions to minimum wage and paid leave. Employers need to adapt to these changes to ensure compliance.

Moreover, anti-discrimination laws are being strengthened in many areas to make hiring practices more inclusive. For instance, the UK government has enacted stronger protections for pregnant women and new parents. Similarly, France has updated its labour code to increase protection against sexual and gender-based harassment at work. These changes mandate employers to offer equal opportunities without discrimination based on age, gender, race, or disability.

Significant revisions in immigration laws have also affected the availability of foreign talent. Some European countries have tightened their regulations, cutting the number of arrivals. Others have created new opportunities for skilled immigrants. These changes require businesses relying on foreign talent to reassess their hiring strategies.

Amidst the rising youth unemployment, several countries have introduced policies to promote employment opportunities for young people. These programmes range from subsidies for employers who hire young workers to those designed to enhance youths' skills and employability. Employers can leverage these initiatives to attract young talent and contribute to tackling the unemployment issue.

## Supporting youth employability

Understanding and supporting the younger generation is crucial for any forward-thinking employer. Key strategies for harnessing the potential of young workers include creating a supportive environment, offering learning opportunities, and fostering resilience.

Employers can benefit significantly by acknowledging the unique perspectives and energy that young employees bring and investing in their growth and development. Don't miss out on this valuable resource to help shape your youth engagement strategy. [Learn more](#)

## Key considerations

Here are some vital aspects that employers need to consider and act upon:

**Creating welcoming workplaces:** Measures against workplace discrimination and harassment continue to be implemented, along with diversity and pay-gap initiatives. These measures aim to create inclusive workplaces and encourage increased participation from disadvantaged segments of the potential workforce.

**Addressing the cost of living and in-work poverty:** With the cost of living and in-work poverty being top concerns for voters, policymakers, and workers' representatives alike, employers need to consider how they can contribute to alleviating these issues.

**Focusing on skilling and activation policies:** Policymakers prefer skilling and activation policies over relaxed hire and fire regulations. Employers should align with this trend, focusing on developing their workforce's skills and nurturing an active work environment.

Source: [Adecco Group](#)

# Regional updates



## Australia



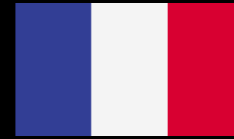
The Fair Work Legislation Amendment (Closing Loopholes No. 2) Bill 2023, now passed and in effect, brings pivotal changes to the Fair Work Act 2009. It addresses casual employment sham contracting and provides more precise definitions of "employer" and "employee".

Furthermore, it broadens the jurisdiction of the Fair Work Commission, empowering it to set minimum standards for 'employee-like' individuals on digital labour platforms. The Senate Education and Employment Legislation Committee has reviewed this amendment and delivered their report as of 1 February 2024, reflecting the substantial evolution in the Australian workspace.

Source: [SIA](#)



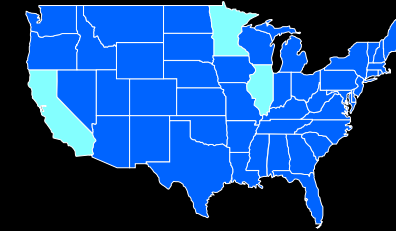
## France



The French Law on Full Employment of 18 December 2023 has introduced two new provisions for temporary employment. Firstly, companies can now employ temporary workers without a specific reason if the employer is under the obligation to hire disabled workers. Secondly, they can engage temporary employees from work integration companies for any reason, provided the assignment is at least a month long.

Furthermore, the 'Tremplin' fixed-term contract, which lasts between four and 24 months for a person with a disability, has been incorporated into the Labour Code, effective 1 January 2024. These changes reflect an evolving workspace that values inclusivity and flexibility.

Source: [SIA](#)



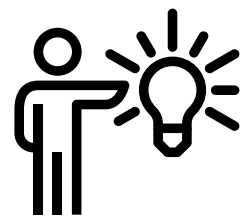
## USA



There are currently 17 US states that have paid sick leave laws, with several more states considering legislation soon. Despite some state laws granting paid sick leave to certain workers, there's a lack of consistency between states and no overarching federal law. This puts the burden on companies to learn and adhere to new rulings. New paid sick leave laws that went into effect in 2024 include but are not limited to [California](#), [Minnesota](#) and [Illinois](#).

Starting from January 1, 2024, Senate Bill (SB 616) expanded paid sick leave for nearly all California employees. Employers were required to provide at least 40 hours or five days off each year to most workers, including full-time, part-time, and temporary employees.

# The EU's New AI Office



Artificial Intelligence (AI) has emerged as a critical factor in the ongoing digitalisation of workplaces, consistently influencing labour market debates and policies for several years now. This evolving technology has stirred a wide range of speculation, from the potential job losses and gains it may bring to the essential skills needed to stay employable in an AI-driven era.

The noticeable presence and increasing applications of generative AI and its declining costs have pushed these conversations into the spotlight. AI holds tremendous potential for widespread adaptation across various business sectors.

Moreover, the development and application of AI, along with the associated talent and skillsets, are attracting significant attention from policymakers worldwide. As a result, we're starting to see the implementation of concrete policy solutions tailored to this technological shift. This evolution underscores the importance for businesses to stay informed and adaptable in the face of AI's transformative impact on the global workforce.

The European Commission has recently shed more light on the structure and responsibilities of the newly established "AI Office". This office will operate at par with national authorities, focusing exclusively on general-purpose Artificial Intelligence (AI). It will also supervise advisory bodies, playing a crucial role in the enforcement structure of the EU's Artificial Intelligence Act.

## AI in recruitment

The implications of Artificial Intelligence on recruitment are significant, particularly as the Act classifies recruitment as a 'high-risk' AI system.

This categorisation could potentially deter firms from embracing AI and its advancements. Concurrently, the European Parliament is contemplating limitations on facial recognition technology while considering other prohibitions.

In the context of the AI Act negotiations, there's a consideration for permitting limited use of real-time remote biometric identification under specific circumstances. Law enforcement agencies may employ this technology for severe crimes, subject to strict regulations. However, predictive policing remains a topic of debate.

## Key considerations

It's crucial to understand that the incorporation of AI in the workplace is set to revolutionise productivity, streamline operations, and enhance overall efficiency.

Yet, the advent of AI also brings unique challenges, in terms of job security, employee welfare, and the necessity for new employer regulatory frameworks. Recognising and addressing these challenges will be critical in successfully navigating the evolving workspace landscape.

The EU's AI Act imposes requirements on businesses that design or use AI within the EU, and non-compliance could result in significant penalties. Employers must ensure their AI systems adhere to these rules to avoid legal repercussions.



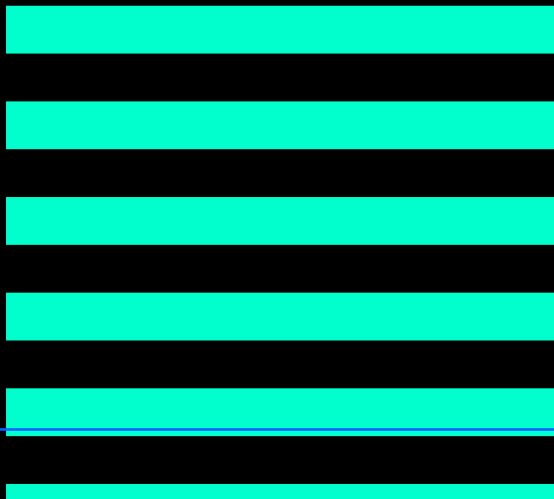
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