



Coronavirus V. i: Labor agreements to prevent closures

June 29, 2020

Executive Summary

1. Around 170,000 firms, 31% of companies with under 800 employees, face the potential risk of labour conflict. In order to prevent further closures, it would be better if some consensus between business organizations, trade unions and the Administration were to balance stakeholder interests.
2. Fundación Observatorio PyME (FOP) makes this request based on finding that, in the present context, there is a narrow relationship between the risk of labour conflict due to changing working conditions and the risk of firm closure. These are the two sides of the same coin. Two simultaneous risks that must be addressed simultaneously.
3. These risks can be statistically discussed allowing for the size of companies, their particular activity and their location. These statistics are documented in FOP Research Program: COVID-19 Impact on Production and Employment which shows a vast array of quantitative and qualitative differences.
4. The firm with highest simultaneous risk according to size has up to 50 employees, an approximately 30% risk of a labour conflict and a 10% risk of closure.
5. On the other hand, medium-sized firms (with 51 to 250 employees) are the most stable since their dissemination of closing risk is 3% and their diffusion of labour conflict risk is 29%.
6. The least risky and with better prospects are firms in agriculture and natural resources: only 4% risk of closure and only 15% potential risk of labour conflict. The most at risk are those dedicated to commerce, construction and manufacturing.
7. With respect to location, the region known as Centro has shown the best performance with only 5% of companies in risk of closure and 24% in risk of labour conflict. In the Metropolitan Area of Buenos Aires 8% of companies face closing risk and 38% risk a labour conflict. North Western Argentina is confronted with 18% risk of closure and 27% risk of labour conflict due to

failing to reach labour agreements or not accruing official endorsement of the agreements achieved.