

**“Challenges of the digital transition and training of the work-force:
role of the social dialogue”**

15th of July, 2015

Minutes

This seminar took place within the framework of the project "Industrial relations in Europe facing employment challenges", supported by the European Commission

Before she introduced the panellists to the audience, Anne Macey (Confrontations Europe) reminded us that digitization is profoundly transforming our economies, all sectors being impacted, and our societies as well. In the near future, by 2020, it is assessed that 90% of jobs will require some digital skills. The lack of training has therefore become a threat to our competitiveness on the global scene. The shortage of qualified ICT staff by the end of 2015 is estimated to 900,000 people.

The seminar will focus on three issues. If digitization is so little understood, how do social partners view the challenges at stake? What is being done concretely? How to renovate the social dialogue and to ensure that training and digitization are on top of the EU agenda?

**Alexander Riedl – European Commission, Deputy Head of unit,
DG CNECT**

DG CNECT's aims to make all EU citizens and businesses more digital, therefore believing that technology can be good depending on what you do with it. The DG works on research and innovation funding in the ICT sector, but also on the framework conditions and monitors the progress made by member states in this field. Although DG CNECT has traditionally not been involved in the social dialogue, technology really affects everybody and there are societal consequences to digitization, there is no choice and we need to find solutions.

In regard to the adaptation of the labour market, **it is therefore important to assess what we can do to provide more and more relevant training**. A problem is the polarization on the labour market: while abstract and manual labour are increasing, routine work is decreasing.

According to DG CNECT, **40% of the EU population have an insufficient level of digital skills, 47% of occupational categories are at high risk of being automatized** (according to an Oxford study), **and most jobs are going to be concerned by the digitization process**. The skills issue needs to be addressed, as there might be 825,000 unfilled vacancies for ICT experts in Europe by 2020 if no decisive action is taken. Today companies can't find experts, while unemployed people can't find jobs.

Some solutions are being developed. **A better collaboration between businesses, the education sector and training providers is necessary to reduce the gaps and mismatches on the labour market**. Then we should aim for more relevant trainings, an improvement in skills. Perhaps **more public funding and other incentives should be granted** at the national or regional levels. We might

even ask ourselves whether we need a massive reskilling program at the European level. It is important to motivate young people to go for digital technologies, maybe by **changing the image of digital jobs**. Every level is needed to identify problems and needs. **National digital skills alliances could also help** us reach this goal, as « most of the solutions are at the national and regional level », even though the European level can be useful for debate. Platforms such as the Grand Coalition for Digital Jobs, launched in March 2013 by the European Commission, are another way to tackle the lack of digital skills in Europe.

Antoine Foucher – MEDEF, Deputy director-general

Productivity is today at the heart of a controversy between economists. Statistics don't show a big increase in productivity as a result of digitization. If statistics are right, it wouldn't be appropriate to talk of a revolution, and we should rather see ourselves like at the beginning of a period of weak growth. Digitization is going to change a lot of things, and therefore needs to be addressed. Antoine Foucher sees four major impacts of the digital transition, raising the question of the role for social dialogue.

The first major impact is on the skills needed by companies. We need to identify at the sectoral level the transformation and the skills that will be needed (a task led through "GPEC"¹ in France), and then to drive the fundings in order to match the training programs needed. This is particularly important in France, where social partners play a big role in the management of the training system. Measures also need to be taken at the company level, through incentives and a better use of training funds. Last year a bonus of 0.2% of the total payroll has been implemented for companies having negotiated an agreement on the personal training account (that each employee has in France).

Secondly, **the recruitment process is impacted, and its diversification should be facilitated by the social dialogue, in a win-win process:** in most cases the diversity of profiles improves the competitiveness of the company.

Thirdly, **changes in the work organization should be accompanied.** Today employees are made more vulnerable by the digitization, but also more independent, and they expect a better quality of life in addition to more freedom in their work organization. The new roles to be played need to be negotiated by the social partners, as a result of the new demands emerging from both sides.

Eventually **training will be a key issue.** Digitization is a new opportunity that must be used to improve employees' employability.

Concretely, new agreements have already been reached in companies such as Areva and Thalès. Very little has yet been achieved, since **digitization is still a new topic for both unions and businesses,** and it is hard to find a deep agreement for now.

Christophe Gauthier – SECAFI, Mission director

SECAFI believes that the digital transition is a much deeper transformation than usually thought it is. The problem is not only about skills. Digitization could lead to the destruction of 46-47% of jobs, but 67% of our children's jobs don't exist yet. Gauthier made his Soshana Zuboff's statement: « *it is not technology that eliminates jobs, but business interests* ». Digitization not only happens between sectors, but also beyond borders.

¹ Gestion prévisionnelle des emplois et compétences (in English strategic workforce planning)

The **current jobs are different from what they were**: they are less physical for example. Hence an important question to raise is: “how to bring millennials to the factory, when they believe it’s still baby-boomers’ paradigm?”. It’s important to make them understand that their parents’ industry is not the one they’ll have, that it is not as physical and that the nature of the jobs has deeply changed.

Besides that, machine age means **high value add jobs can be automated**, affected in particular with algorithms – the examples are numerous: high frequency trading, sales, finance & HR jobs, media, banking, commerce etc. **We are moving from the human clock level to the computer clock level.**

Digital transition also disrupts professional education, bringing funding problems and educational system issues. But digitalization also brings opportunities, and carries its own educational processes (MOOCS...). **Large companies (500+ employees) do spend money in training, but smaller companies are less able to do so, and some workers are left apart (the unemployed, freelancers...).** Considering that smaller companies represent 40% of the employees and unemployed / freelancers an additional 15%, the worker education gap appears as a major issue for employers and unions, because these people are not included in the social dialogue.

This education gap is reinforced as the professional education reform in France was understood both as a tax cut and a reskilling push depending on stakeholders. For example, as a consequence of the reform, the French ad industry lowered its training effort by 60%, while the newspaper industry maintains its longstanding track record of reskilling. The main cause is that the **corporate social dialogue has yet to elaborate on skill planning.** As an example, **we’ve been using the personal account for training (CPF)** in French cultural and creating industries, whose tax-collecting body (called Afdas) covers 50% of the sector workers (600 000 workers). **By the end of 2015, only one out of 20 000 employees will be signed.** It is not enough to make things change – just a drop in the ocean. We are at the beginning and it is frustrating both at sector level and within companies. Prior to the reform there was a duty for the employer to contribute and **now there is a duty to train, even though lifelong education has become person-centric (meaning everybody has to take care of his own education and training)**... which triggers a second problem: we rely too much on diplomas, yet **digital is not only a training but a mind-set, a culture, habits.** Skill planning evolution is a tough (cost) decision to make for management, just as (employment) restructuring is for unions. For restructuring, several unions moved away from the national negotiation table, but in practice, they do sign restructuring agreements at company level. How, in regard to digital skill planning, do we see employers adopting a proactive approach at production unit level, especially SMEs who walked away from most of recent national negotiations?

Robert Plummer – BUSINESSEUROPE, Adviser, social affairs department

Robert Plummer focused on three major points.

The first one is **the importance of the digital transition**: it can play a role in terms of competitiveness and employability, in contributing to innovation and growth across a range of sectors. It is a challenge, and one we need to embrace because it can bring benefits for both companies and workers. ICT became increasingly important in numerous sectors (e.g. intelligence networks along the whole value chain...). The app economy is supposed to generate 3 million jobs between 2013 and 2018.

Then comes **the skills aspect of the transition**, which is an essential starting point. **We need to look both at initial learning and continuous training.** We need to look at the skill mismatch on the labour market, which is a key issue at the moment, and we need to highlight the role of work-based learning. BUSINESSEUROPE encourages new forms of training, such as e-apprenticeships. It is not only about having digital skills, but also about using the digital to get other skills (e.g online distance learning).

When it comes to the **role of the social dialogue**, we've already seen concrete examples at the national level. We need to have partnerships between different actors (for example: companies, employers' organizations, trade unions, relevant ministries...). **There is perhaps a more direct role to play for social dialogue concerning the content of training programs, upscaling and retraining. This role depends on the country concerned:** in the Netherlands there is a great emphasis on company agreements, a right to training in Spain... At the European level the issue is quite new, but the European social partners will be discussing skills needs in digital economies as part of their 2015-2017 autonomous work programme (recently published).

Wolfgang Kowalsky – ETUC, Legal advisor

For ETUC, the digitization process « is a revolution », comparable to the three previous industrial revolutions. It is not only a technological issue, but also about societal disruption with the emergence of new rules – it really is a question of the future of our societies and their cohesion. This revolution is an opportunity but also a risk, this is why we need to control it. Some companies and employers' organizations try to use it to take off workers' rights, and Wolfgang Kowalsky expressed his scepticism about employers' enthusiasm about training outside of work and cost-sharing.

ETUC is disappointed by the Commission's communication on digitization. The Commission does not seem to consider it as a revolution, and focuses mainly on the internal market obstacles we should get rid of. Hence elements such as an analysis of Europe's place in the world are missing. Roland Berger's study² assesses that 90bn €/year of investments are needed. **ETUC focuses rather on the social impacts of digitization**, in regard to companies, labour law, working conditions etc.

A starting point for the social dialogue would be an assessment of what can be agreed on, in terms of strengths and weaknesses. **Digitization needs to be shaped** in order to bring more advantages than drawbacks. **ETUC is worried about the extension of digital precarious work and about a risk of blurring of the boundaries of work.** It expects new rules for a work-life balance, and asks for crowd-working to be considered as a new form of outsourcing. **Although the Commission did consult the social partners on its initiative on information and consultation, anticipation and management of change is missing.**

ETUC demands that **digitization be based on quality work and that the transition be anticipated and managed in close cooperation with trade unions, EWCs, workers' representatives in general.** There is some common ground for discussion, since ETUC agrees on the importance of improving digital skills, which requires active labour market policies and employers' readiness to provide training during working time, as well as the offering of skills upgrades to the unemployed. ETUC asserts its openness to the discussion on issues linked to the impact of digitization on working practices, for instance on skills training leave, stress, accessibility around the clock, and the ICT gender and

² Roland Berger Consultants: INDUSTRY 4.0. The new industrial revolution. How Europe will succeed (https://www.rolandberger.com/media/pdf/Roland_Berger_TAB_Industry_4_0_20140403.pdf).

generational gap. **ETUC also calls upon the European Parliament to address the digital challenges from a societal point of view, and demands a permanent European Forum composed of the European Commission, the European Parliament, and social partners, to discuss how such a European digital vision can be developed and how to shape the future digital Europe.**

Debate

BUSINESSEUROPE showed a different view from ETUC about lifelong learning and who pays for it. Robert Plummer insisted on the fact that **it is not only the duty of the employer to cover this cost. It should rather be shared between the worker, the company and the State, because all of them benefit from lifelong learning.** Robert Plummer called for more openness, for employers (as to how they initiate training) but also for trade unions (as to how motivate workers to get the training). Some training has to be done outside the company.

Garance Pineau (representative of the MEDEF) emphasized the fact that the topic is new to everyone, showed interest for the idea of social dialogue committees, and showed some confidence about the ability of social partners to do things together with the Commission.

Susan Flocken (ETUCE) then intervened about the **challenge that demographic change represents, in particular for SMEs.** She raised questions about the quality of digital training, explaining that MOOCS are often not completed by the students since it is hard for them to get motivated. In addition to that, a way to make sure the students have acquired the right skills needs to be found.

A speaker from the audience talked about another challenge: companies change quicker than regulations. We are now facing an uncontrolled acceleration of individual work, and the work organization is changing rapidly. **Companies, with the apparition of work on computers, are less consensus oriented, and are growingly facing a lack of interpersonal skills and communication.**

Wolfgang Kowalsky came back to the work-life balance issue, emphasizing the disparities between companies, with some shutting down the email system at 8pm for example due to pressures from the workforce. **Digitization is a challenge for unions because teleworkers are less unionized,** even though now they can sometimes use online platforms. **Public authorities have to play a role** and to make sure these workers are provided with decent living conditions and social rights.

Anne Macey asked Wolfgang Kowalsky if it is union's role to try to reach a broader audience, especially in emerging sectors, and how public authorities can be involved in the process. Kowalsky brought up an **initiative launched by the German labour ministry, called "Green Book"**³, drafted after conferences with researchers and decision-makers and consulting with the social partners. Kowalsky showed his satisfaction toward this initiative that asked many questions about information costs, lifelong learning, work life balance etc.

For Christophe Gauthier, **a lot of people contributing to companies' activity in the digital era are actually not employed by the company. Unions should include a broader understanding of who should benefit from training paid by the company.** A second question concerns crowdsourcing. **Ver.di is currently collecting, through a website, activity from people contributing to**

³ http://www.bmas.de/SharedDocs/Downloads/DE/PDF-Publikationen-DinA4/gruenbuch-arbeiten-vier-null.pdf?__blob=publicationFile

crowdsourcing, and trying to understand the kind of work they do in their everyday life. In France the CFDT is doing something similar in the transportation federation. Digitization is not only against workers, it is also a struggle between online and offline capitalism, between established companies that try to maintain leadership and new companies emerging.

Robert Plummer called for **more dialogue between public employment services and employers' organizations companies**, in order to understand better the labour market needs and the training process. In the UK several companies tried to identify skills needs together.

A speaker from the audience (working at Bouygues) brought up the **negative consequences of digitization on productivity, and the potential hidden costs of the digital transformation.**

Alexander Riedl responded that there are indeed important **measurement problems as to the consumer value of "free" services in the digital economy but also knowledge gaps.** We need to close the knowledge gaps on "hidden costs", "hidden value", and skills anticipation. What is different in the digital revolution compared to other technological changes in the past decades is that **it affects everybody** and nobody can escape these changes, and the unprecedented **speed** with which this transformation is happening. The challenges are so important that all actors, and in particular the social partners need to work **together to shape digitization in a positive way.** Even if we decided to train analysts in a specific school, it would take several years to set up the school: how to accelerate this development? What do we need to get more relevant trainings? Is it a matter of funds? Can the EU structural and social funds be useful for this purpose? How to build links between different levels (ministries, services, regional, national...) to make things move?

Wolfgang Kowalsky agreed on the importance of the issue of the hidden costs. Is it really worth to spread e-commerce? It seems that a company can earn more money but in the end the cost is shared by everybody and the environment, and the delivery cost is higher the more remote the company from the customer. The competition between the people in the transport industry is already high. The Commission strives to lower the costs of delivery in the EU, but do we need more competition? We also need to discuss the values of the internal market: the objective to get rid of the obstacles is not an objective as such. **We want social progress, but the internal market does not always serve this purpose,** especially when it makes workers poorer and contributes to a waste of resources.

Emmanuel Forest (representative of Bouygues) pointed at the perceived gap between the Commission current policies and the treaties: they latter talk about a *social* market economy, while the former seems to be considering just a market economy. For him the digital single market should not only be about efficiency. The debate hence should be more political: either we modify the treaties or **we come back to a social market economy.**

Tim Van Rie (DG Employment, European Commission) repeated that the Commission is aware of all these issues and tries to foster social dialogue. Juncker's Commission does not neglect these objectives but needs to prioritize its work: **social dialogue is high on its agenda. There have been meetings with social partners (on the Energy Union, regulation...), and two thematic groups,** composed of social partners and actors at the European and national levels, representatives of the Council etc., **are currently trying to streamline the work that has been done.** Automation and digitization are also issues discussed in the sectoral social dialogue committees.

For Robert Plummer, hidden costs are also a much broader issue, with people for example participating to online communities rather than seeing each other face to face. There should be some

recognition and understanding between workers and employers on what can be reasonably expected.

Garance Pineau agreed with what had been said, but the problem for her is that we don't even know what **"quality of job"** means. **Discussion has taken place with the ILO on this topic**, trying to define it and wondering for example if work-life balance should be included in the quality of job. At the company level more dialogue and exchange, relying on more data, would help take the debate forward. She mentioned the Global Apprenticeship Network, a business-driven initiative gathering companies. We are at the beginning of the reforms in regard to apprenticeship etc.

Alexander Riedl regretted that in some Member States such as Germany **a lot of ESF funds were not used**. Maybe it is a little too bureaucratic, said Wolfgang Kowalsky. For Robert Plummer the ESF has a lot of potential, it can provide some initial start-up funds. But the ESF is managed nationally, and countries and national social partners see and used it differently. **The EU can provide financial incentive through the ESF, but should also create a juridical framework.**

Concerning the role of territorial social dialogue, Christophe Gauthier insisted on the importance of the territorial level in our understanding of how to move things forward and deceptive turn-rounds for a site in a downsizing industry often miss out other sectors' merging innovations, like B2B 3D printing to turn around B2C newspaper printing factories. For Alexander Riedl we need to consider several levels: local, national, territorial, geographical, sectoral...all of them are specific and useful.

Delphine Rudelli (UIMM) explained that **the French Union of Metallurgies Industries) tries to match both the territorial and sectoral dimensions**. Everybody tries to anticipate, but it's very difficult: **if many companies know their needs for the next two months, it's much more complicated to predict on a longer period of time**. Once the needs are identified companies need to adapt the skills of their workers; it's a very long process and this is partly why we've had a skill mismatch for 20 years. Hopefully the digitization will create more solutions (creating new tools) than problems.

Then Bernard Housset (Confrontations Europe) evoked the transformation in corporate organization: **the roles and authority of managers and workers are changing, hierarchy could be redefined. Managers could be occasionally transformed into coaches**, and be prepared to perform this task. A more direct dialogue could also be developed, within the company but also between unions and their members.

Alexander Riedl agreed that everybody is concerned and on the role of the managers. The Commission is trying to address these issues, and this is also why lifelong learning is essential. If the employees want to be competitive on the labour market, they need to reinvent themselves every few years.

In the end Anne Macey brought up the **issues of long-term unemployment, low-growth and massive reskilling**. Robert Plummer agreed on the importance of long-term unemployment, being part of the Commission's work program this year. Garance Pineau concluded that once the needs are identified, public policies will need to be implemented, and that will be another difficulty.