

INTERFACE :

Industrial Relations in Europe



THE NECESSITY OF A REVIVAL

Unlike at many other places, the social dialogue is recognized as a key element to social market economies in Europe. It is an important factor of Europe's competitiveness. At a time when our societies and economies are being disrupted by the digital revolution and the ongoing energy transition, the labor market and our jobs have to be reorganized. How do the representatives of employers and workers talk about these issues, at the level of specific companies and at a sectoral or European level?

The ongoing societal changes brought about by the digitalization and energy transition contribute to weakening the social dialogue and reinforce the differences between countries in terms of perspectives on industrial relations. After having talked to a number of concerned actors from different European countries, we have brought forward a series of recommendations with the purpose of reviving the social dialogue in Europe. The changes are first and foremost affecting companies. Reinforcing the social dialogue from inside out is necessary for dealing with the growing diversity of situations. We also need to rethink the role of different levels of dialogue, depending on what problems need to be solved. The problems have to be faced by the concerned actors, and it is the role of the European Commission to incite them.

Anne MACEY

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This edition presents the main results of a 19-month long project led by Confrontations Europe with around thirty partners on « Industrial relations in Europe facing employment challenges », with the support of DG employment of the

OVERVIEW OF THE SOCIAL DIALOGUE IN EUROPE

Comparative analysis in 6 countries: Germany, France, Greece, Italy, Poland, Sweden

Summary report of the seminar held on 14 January 2015



THE ISSUES

Given their experience of the economy and the labour market, social and economic actors are, in theory, in the best position to find the most appropriate and evenly balanced solutions to the complex social and economic challenges we are facing today. However, while **social dialogue** initially **played a key role in managing the crisis** (from 2008 to 2010), **it was subsequently also undermined**, especially in the final two years from 2012 to 2014, as explained in the reports published by the European Commission on the state of industrial relations in Europe.

Two groups of countries stand out:

- Those where social dialogue was the most structured (for example Sweden and Germany) having already engaged in reforms before the crisis and which were able to maintain a dialogue, thus ensuring continued competitiveness and resilience to the fast-paced changes required of modern economies.
- Those where social dialogue was not widely established (Poland especially, Greece, etc.) and which saw it break down even further as a result of the crisis. As it happens, it was these countries (including Italy) that engaged in impromptu reforms during the crisis.

In addition, **the convergence of social dialogue – which had been taking place across the Member States since 2004 – has been undermined and there is a growing divergence between old and new Member States.** Nevertheless, in the Visegrad countries (which include Poland), there is still a well-structured, three-party social dialogue (between employers, workers and the government).

Failing an agreement on the best policy mix and on the structural reforms needed, some Member States have not hesitated to adopt unilateral decisions in response to social, economic and financial emergencies. In countries receiving financial aid (such as Greece), some of these decisions were influenced by the Troika (European Commission, EIB, IMF).

Industrial relations systems have been changing faster and more frequently than they did before the economic crisis, due to the fast-changing social and economic environment. However, the diversity between national systems is still strong. In most cases, the changes began before the crisis but have picked up speed since.

The decline in average union density, which began in the 1980s, has slowed in Europe; it now stands at around 1/4 (23% in 2013 and 26% in 2000).

- Before the crisis, the drop in union density (number of trade union members/number of jobs) was more marked because employment was on the rise. Since the crisis, the decline has slowed because employment has stagnated, but the number of trade union members is falling faster.
- Union density figures and trends vary depending on the country and the sector: they are very low in Poland and especially in France (around 10%), and a little higher in Germany and Greece (20%); in Italy, one in three workers belong to a trade union while, in Sweden, two in three workers are unionised (which can be explained by the Ghent system, whereby unemployment benefits are paid through trade unions). Compared with the early 2000s, union density was already falling in Germany, Sweden and Greece before the crisis struck. Since the crisis, it has started to fall again in Poland but is stable in France and is rising slightly in Italy.
- **Youth unemployment has risen sharply** and it is feared that, when the employment prospects for young people improve, **union density among young workers will be very low.**
- In the public sector, union membership is no longer automatic.
- **Membership of employers' associations has remained stable**, with significant differences between countries: 20% in Poland, around 50% in Germany and Italy, and over 75% in France and Sweden.

The collective bargaining coverage rate in Europe (60%) is still falling (66% in 2007). It depends

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notably on the collective agreement extension mechanisms used in many countries (particularly France) and on the density of employers' associations. Again, the situation differs from country to country: coverage is high in France, Italy and Sweden (80 to 100%), average in Germany and Greece (40 to 60%) and low in Poland (15%). The decline has picked up speed in Greece, where the extension of collective agreements was even suspended from 2011 to 2015.

The decentralisation of collective bargaining from the national or sectoral (multi-employer) level towards individual companies is an ongoing trend, which has become more pronounced since the crisis. This raises the question of how to reconcile decentralisation with solidarity, and of the potential benefits in relation the higher level. **The goal is to invent new industrial relations systems (taking existing systems into account), more compatible with an economic environment that has changed profoundly and will continue to change going forward.**

It is increasingly important to strengthen **coordination between different levels (companies, sectors, cross-industry, national, European)** and between companies on the same level, since multi-level bargaining structures are becoming more and more widespread. There is no long-term trend in coordination applicable to all Member States.

- In **France**, social dialogue still takes place at three levels: cross-industry, sectoral and company. It is characterised by the **poorly coordinated decentralisation** of collective bargaining and the involvement of trade union federations in top-level policy implementation.
- In **Germany**, the **coordination between centralised bargaining, industrial agreements and public policy allows for the effective use of short-time working schemes**. The labour negotiations model is stronger but many **companies are not covered by collective agreements**. A lot of jobs have been saved but "mini-jobs" are on the rise.
- In **Italy**, despite the government's efforts to promote greater **decentralisation**, relatively few derogation agreements have actually been enforced. There are **still four levels of negotiation: cross-industry, sectoral, regional, company**. The deal made by Fiat is a typical example of a regional deal.

- **Greece** has a highly specific system characterised by the radical breakdown of bargaining structures. Even the procedures themselves have been affected. The collective bargaining principle has been revoked.
- In **Sweden**, the system remains **highly coordinated** (a specific agreement is used as a reference for subsequent agreements), reflecting the high union density and collective bargaining coverage rate.
- In **Poland**, the majority of collective bargaining takes place at company level and is still very **uncoordinated**.

AVENUES OF DISCUSSION

- **The industrial relations systems in force today are facing profound changes in the economic system** (global competition, demography, energy, digital); all jobs and businesses are affected. For example, the energy transition is creating new jobs, killing off existing jobs and deeply changing all others, which means that strong dialogue is needed. However, in new sectors (all sectors have changed significantly), new Member States and new forms of employment, where the stakeholders are largely disorganised, there is very little dialogue.
- The beginnings of a dialogue are taking shape, but the main focus is on training and occupational health policy rather than global strategies.
- Three things are clear: expectations regarding the creation of new "green jobs" are considerably lower; the "greening of jobs" has slowed down as a result of the crisis; and social partners are especially weak in new sectors (the "green economy"), small companies and the self-employment sector.
- Measuring the impact of social dialogue on the management of energy transitions and digital development is a challenge that must be addressed to aid the recovery of a constructive social dialogue.

ANTICIPATION OF THE RESTRUCTURING PROCESS AND ITS PUBLIC AND PRIVATE MANAGEMENT: Role of the European Works Councils

Summary report of the seminar held on 30 January 2015



THE ISSUES

Our globalised economies are facing **structural changes requiring ongoing adaptations for companies and for all the stakeholders in their environment, workers included**. There is consensus on the need to anticipate these changes, the challenge being to involve more than just executives and shareholders in the change anticipation and management process.

The employees of multinational companies doing business in Europe should at least be informed and consulted on decisions affecting them, even when these decisions are made in a different country to where they work¹. To achieve this goal, European works councils can be created in companies or groups of companies employing **1,000 people or more within the EU or EEA and including at least 150 in two different Member States, at the request of 100 or more workers in two countries or at the initiative of the employer**².

In practice, the role of these councils ranges from simply being “informed and consulted” on any changes in the company that are likely to impact the workforce, to **negotiating transnational company agreements**, including the limitation of the negative impacts of restructuring on employees³.

There are today more than **1,000 European works councils** in operation⁴, which means that **40% of eligible multinational companies** already comply with the European directives. The head offices of these companies are most often based in Germany (203), the US (165), France (123), the UK (116) and Sweden (76). European works councils are most common in the metallurgy, chemical, agricultural, timber, building and financial services industries⁵.

Over half of them are established by firms operating in more than ten countries. Their membership includes more and more people from Eastern and Central Europe, yet they are still rarely created by companies whose head office is based in a new Member State.

Twenty years after the 1994 directive on European works councils, **they have become the most common arrangement for transnational employee consultation and information**. They have also inspired the creation of “world group councils”, ushering in an extension of the European social dialogue to the global level. There are also some 2,200 “European companies”, including 51 with information/consultation structures and 54 with information/consultation/participation structures.

The boundaries are blurred between information-consultation and negotiation. The question of extending the remit of European works councils from employee information and consultation to negotiation must be addressed. **In practice, more than a hundred transnational company agreements** have been reached in 40 or so very large companies based or developed in Europe, affecting 7.5 million workers across the world⁶. 40% of these agreements are linked to restructuring.

There is no European legal framework for these agreements, which would help identify their authors and clarify the legal impacts in the different Member States and the dispute resolution process. Hence, the involvement of European works councils in negotiating agreements is incompatible with national systems that distinguish the advisory role of elected bodies (works councils) from the negotiating mandate given to unions (France), and with those that have only one union channel for

¹ “The EWC landscape on the eve of the transposition deadline of the recast directive 2009/38/EC”, Romuald Jagodzinski, Irmgard Pas, 2011.

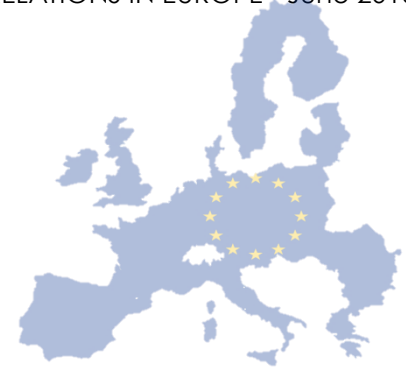
² The European Commission’s DG for Employment, Social Affairs and Inclusion.

³ Ibid, Romuald Jagodzinski, Irmgard Pas, 2011.

⁴ Concerning more than 1,000 companies. European Trade Union Institute (ETUI), EWC database, 12/2014.

⁵ European Trade Union Institute (ETUI), EWC database, 12/2014.

⁶ SEC(2008)2155: “The role of transnational company agreements in the context of increasing international integration”, European Commission, 2008. The other transnational company agreements focus on health/safety, data protection, the principles behind HR policy and corporate social responsibility.



worker representation (there is no obligation to negotiate with unions at the European level⁷). Conversely, the involvement of trade unions in restructuring negotiations is problematic in national systems where works councils have sole responsibility for such matters (Germany). Since 2011, the number of restructuring agreements has slowed down⁸, while the number of restructurings has risen.

The most effective European works councils are those that:

- **Take preventive measures at a very early stage in the restructuring process.** This requires regular dialogue within European works councils between employee and employer representatives (who often have very different labour relations cultures) in order to establish the mutual trust necessary to conduct restructuring negotiations.
- **Focus on long-term strategies to anticipate future human capital requirements in the branches** in which they work and to prepare for the changes that will affect these branches going forward, for example the impacts of digitisation and/or the energy transition. However, for the European works councils to take such proactive action, information and consultation procedures must be observed. There is still room for improvement in this area, due more to **problems in the flow of information to and from the European works councils** than to non-compliance with the formal deadlines set for these procedures.
- **Successfully coordinate national and European labour negotiations.** Many European works councils **struggle to do this, primarily because it means adopting forward-looking approaches tailored to the labour markets and labour rights in different countries.**

AVENUES FOR MAKING EUROPEAN WORKS COUNCILS MORE EFFECTIVE:

- **Promote discussion between European works councils on major industry trends and on training and skills needs.**
- **Strengthen national and European coordination between unions/European works councils.**
- **Improve the flow of information to and from European works councils.**
- **Reflect on potential relationships between European works councils and subcontractors.**
- **Involve other players, such as regional bodies, in the dialogue on economic and social challenges during restructuring processes.**
- **Determine how European works councils can foster more consensual labour relations** and help to develop a common European approach to challenges.
- **Establish an optional legislative framework at the European level on “transnational company agreements” to consolidate the results of transnational negotiation** (identify the actors and clarify the impact of texts and the dispute resolution process) **and help companies and sectors meet the challenges of labour organisation, employment and training.**

⁷ Udo Rehfeldt, presentation for the seminar of 30 Jan 2015, hosted by Confrontations Europe.

⁸ Renault, Solvay, BNP Paribas, Air France KLM, Valeo, Total and Alstom have signed European agreements.

ENERGY TRANSITION AND EUROPEAN SECTORAL SOCIAL DIALOGUE:

The case of the electricity and chemical industries

Summary report of the seminar held on 2 April 2015



CHALLENGES AND ATTEMPTED SOLUTIONS OF THE EUROPEAN SECTORAL SOCIAL PARTNERS

The energy transition, i.e. the transition towards a resource-efficient and low-carbon economy, is a strategic priority for the European Union that is causing profound changes in our societies. All sectors are concerned, though some more than others. Turning the transition into opportunities for European companies and workers means giving them an active role in addressing the associated challenges:

A fall in competitiveness with consequences on employment in Europe, resulting from an investment gap in power efficiency, infrastructure, renewable energy and the energy cost for energy-intensive businesses.

Changing jobs and skills, characterised by job creation, destruction and transformation, and by a growing gap between needs and existing competencies. Re-skilling and assisting workers in these new jobs is imperative.

Regional imbalances. Due to the diversity of energy mixes, industrial polarisation and brain circulation, some regions have been left behind, exacerbating the gaps between Member States.

Because of their practical experience in their sectors, the European sectoral social partners have a major role to play in the energy transition. European sectoral social dialogue committees (43 in Europe today, representing three quarters of the working population)⁹ are composed of employer representatives (ECEG for the chemical industry, Eurelectric for the electricity industry) and employee representatives (IndustriAll European Trade Union for the chemical and electricity industries, EPSU for electricity only).

In these two sectors, **the partners agree on the need for a transition but are questioning the way it is being handled**, as strategic policy does not adequately clarify who will pay what or anticipate perverse effects (such as plant closures and

imports of CO₂ emissions from non-European countries). At the European level, the balance between “planet, people and profit” is often accused of not taking sufficient account of business competitiveness and individuals.

The committees have adopted 800 texts on change management, restructuring, skills and training needs, the improvement of work conditions, health and safety at work, and so on. Around ten of these texts are **agreements** to be implemented at the national level through European directives or national processes. The vast majority are **sets of guidelines** (i.e. codes of conduct, monitoring reports, frameworks for action, recommendations, policy guidelines) or **joint opinions** and tools.

In the framework of the tripartite social dialogue, European sectoral social dialogue committees in the electricity and chemical industries have adopted common positions and responded to the consultations on EU policies on climate change, the EU’s 2020 targets, the EU 2030 Climate and Energy package, and the Energy Union, focusing in particular on the social consequences of climate policies around the concept of a “**just transition**”.¹⁰ The committee dedicated to the chemical industry has emphasised the need for a *level playing field* at the international level to make European industries more competitive (energy costs).

However, **they have not yet defined exactly what they mean by a “just transition”**. Neither have they put forward any practical proposals or signed any agreements on the subject.

¹⁰ “A just transition can be considered to be a transition (or change) towards a more sustainable and more environment-friendly economy, relying on social dialogue between governments, employers and unions, and encouraging strong growth and investment in low-carbon technologies. It also fosters a smooth social transition through the adaptation and mitigation of consequences for employees, the development of qualification or requalification (re-skilling) programs and the creation of quality jobs.” (extract from the draft common position on the “2030 climate and energy framework”, December 2013).

⁹ These 43 committees represent around 145 million workers.

Agreements on the adaptation of worker skills and qualifications¹¹ with regards to the energy transition have been reached but **they have not been implemented in all Member States**. Some European social partners, such as Eurelectric, have begun monitoring their autonomous agreements and have built trust with national representatives, but others remain uninterested or do not have any institutional partners. It is important to note that the number of reciprocal commitments has decreased since 2010.¹²

In some Member States, such as Germany and Poland, the energy transition is still a controversial topic because of its impact on the workforce. **Employer associations and national worker representatives are struggling to agree on key issues such as the energy cost, skills adaptation, industrial polarisation and ageing populations**. European social partners are sensitive to these difficulties, and **the European sectoral social dialogue committees are not preparing for these changes**.

In both the electricity and chemical sectors, European social partners must strive to be more representative of emerging new players (such as SMEs) in their own sector. The diversity of national social dialogue mechanisms makes this task even more complicated.

Due to the growing tendency to **retreat behind national boundaries**, which is also affecting social partners by making it difficult to coordinate national and European social dialogue, we are seeing **a dichotomy between the urgency of the issues to be addressed**, which vary according to the Member State, and the **structuring of the European sectoral social dialogue**. **European social dialogue committees are imperfect tools, and can be improved: they fail to grasp the key issues sectors are facing, or struggle to address them**. They will need to rethink the challenges faced at the national level to reaffirm their usefulness.

IN RESPONSE TO THESE CHALLENGES, HERE ARE SOME PATHS THAT MIGHT BE EXPLORED:

- **Involve the European sectoral social partners earlier in European policy making**, before consultations, so their joint positions can be heard and taken into account in the working hypotheses of the European Commission.
- Rethink the **structure of the European social dialogue so that it focuses on the challenges of the 21st century**:
 - **Skills**. The “youth guarantee” represents a first step; apprenticeships and the recognition of professional qualifications must be higher priorities. Industrial policy at the European level must address the problem of retraining workers;
 - **Anticipation of new business models**.
- **Foster greater subsidiarity** and address issues at the appropriate level:
 - The European level for trade and EU foreign policy;
 - The sectoral level for training and skills policy;
 - The regional level for regional revitalisation policy.
- **Rethink the liaison forum** established between cross-industry and sectoral social partners in Europe by fostering interactive debate with the European Commission.
- **Seize the opportunity to partner with subcontractors**, continuing refocusing and outsourcing trends in companies to ensure production quality, since SMEs have their own employment and skills challenges.
- **Follow the social partners’ recommendation for a comprehensive approach that systematically coordinates climate policy with investment, regional revitalisation and foreign trade policies**.

Social partners have only recently taken up this urgent issue. The vast majority of stakeholders have not become interested in the issues raised by the digital transformation until very recently, mainly from 2015 onwards. Yet the phenomenon is not a new one.

¹¹ European Framework Agreement on Competence Profiles for Process Operators and First Line Supervisors in the Chemical Industry, 2011; Joint Framework of Action on Competencies, qualifications and anticipation of change in the European electricity sector, 2013.

¹² Since 2010, the European sectoral social dialogue has essentially become a sort of “joint lobbying” (“Dialogue social sectoriel européen: une ombre au tableau?”, Christophe Degryse, ETUI, 2015).

CHALLENGES OF THE DIGITAL TRANSITION AND TRAINING OF THE WORK-FORCE:

Role of the social dialogue

Summary reports of two seminars held on 9 and 15 July 2015



At national level, social partners in Germany say they have been discussing the issue for a long time (through Work 4.0) and, as a result, are amending their business models and the way they organise work. Germany is one of the most advanced countries when it comes to managing the digital revolution¹³, and even IG Metall says they **are still at the stage of identifying problems before being able to seek a common solution, although a lot of progress has been recently made.**

In countries where social dialogue is not firmly established, developing a joint approach to changes in the employment market is even more difficult. In Poland, for example, the problem is twofold. First, **sectoral insufficiencies are depriving the country of relevant national regulations, which could play a key role in dealing with current changes.** Second **widespread fragmentation of social dialogue because it is the companies that have most control.**

The scope and increasing speed of the societal and economic transformation brought about by digitalisation are however widely acknowledged. New competitors are emerging at an unprecedented rate in an increasingly competitive international environment. So stakeholders have no choice but to tackle both challenges head on: not only the digital and energy transitions but also the need to become more competitive. At present, the main focus of social dialogue within companies is competitiveness, although the digital transition is starting to make an informal appearance on the agenda.

There is **no consensus either at European level or in Member States regarding the impact of the digital transformation on employment (net balance).** The debate over the quantitative effects on employment is far from over.

The digital transition is destroying some jobs, creating new ones, and changing all of them¹⁴:

- New types of jobs are emerging: developers, big data analysts, electrical engineers for smart grids, etc.
- Some jobs are being destroyed, extremely physical jobs in particular
- All jobs are changing, from manual jobs to knowledge-based jobs without exception

Some jobs are considered more at risk of automation or digitalisation (office work, sales and commerce, transport, etc.) than others (management, human resources management, scientists, engineers, some types of services such as social work and hairdressing)¹⁵. Nevertheless, the boundary between jobs at risk and those hitherto believed safe is moving all the time, with more jobs entering the at-risk category (legal service providers, for example, who thought they were protected).

It is affecting jobs in all sectors, although there is no consensus on which are or will be most affected.

- Some, for example in the local and regional government sector, believe digitalisation (in this particular case in public services) is having a negative impact on job numbers: social partners in the sector adopted a joint statement on 11 December 2015 on the opportunities and risks of digitalisation in local and regional government, which says the digital economy has brought with it a stagnation or even a decline in jobs, particularly in the public sector.

Some argue the digital transition could lead to a **polarisation** of the labour market into very high-skilled jobs and relatively low-skilled jobs, with medium-skilled jobs becoming increasingly rare. The situation is all the more worrying because it is the peripheral countries (Romania, Portugal, Bulgaria and Greece) that are most affected by job computerisation. This creates a high risk of

¹³ See the studies and discussions conducted by the Hans Böckler Foundation.

¹⁴ Report « [les classes moyennes face à la transformation digitale - Comment anticiper ? Comment accompagner ?](#) », Roland Berger, October 2014.

¹⁵ Christophe Degryse, "[Digitalisation of the economy and its impact on labour markets](#)", Working Paper 2016.02, ETUI, on the basis of data from Frey&Osborne, Ford, Valsamis, Irani, Head Babinet (click on the link to view the document online).



intra-European polarisation, concealed behind an estimated European average of 54%¹⁶.

- This transformation is leading, via a “network effect”, to a concentration of power in the hands of private monopolies and new players (Uberisation), which are tempted to keep the benefits to themselves; not an ideal situation for society as a whole.
- Lastly, it is changing our relationship with work and with the traditional employment contract based on job security and subordination. New forms of employment are emerging, encompassing a broad variety of situations (see the section on new forms of employment in the second part of this report). At the moment, there is no consensus on this issue. Employers’ associations generally call for greater **flexibility to respond to changes in progress**, while employee representatives criticise the **instability and/or inequality** they introduce compared to traditional forms of employment (IndustriAll European Trade Union) or see them as a “negation of the employment relationship” (UniEuropa). We will look at these issues in greater detail in the second part of this report. **There are fears of a negative effect on job quality**, in terms of security, stability, qualifications and social protection (particularly of independent workers), and the porous line between work and personal life.

Companies are also seeing changes in their management methods. At present, workers and their representatives **on the ground are left to decide how best to organise their work. Management models must therefore change;** traditionally vertical, they must now assign meaning and identify targets.

In this respect, the digital transition opens up new opportunities for controlling workers, for example imposing a work pace defined and controlled by a machine, whereby workers renounce their control of the way they organise their work at the risk of becoming the tool of a robot and its

algorithms¹⁷. But it also creates new opportunities for cooperation, thanks to more “agile” and “cooperative” work organisation.

The digital transition will not be a natural process for everyone and that substantial incentives will be needed to ensure the smooth redeployment of labour and the massive retraining of unused reserves of human capital left by the wayside. There is an urgent need for training and for better identification of skills needed by the employers. Inadequate training is a threat to our competitiveness on the global scene. In 2020, 90% to 100% of all jobs may require digital skills, and therefore new skills.¹⁸ As highlighted in a joint statement by European social partners signed by the ETUC, BusinessEurope, UEAPME and CEEP and submitted to European leaders at the Tripartite Social Summit of 16 March 2016: “it is vital that people possess the skills needed in our constantly changing labour markets, so that they have access to the new jobs being created.”

Therefore, **social partners have an essential role to play in encouraging workers, the unemployed and those furthest removed from the job market to engage in further training**, in order to reduce discrimination between the young and old, between highly-qualified and low-qualified workers, and so on. Some companies¹⁹ have addressed this problem, but the majority are still facing a huge skills shortage. **There are still no global mechanisms to help equip businesses in Europe with the necessary digital skills.**

To develop relevant training programs, it is vital that we **identify the skills most requested by businesses and specific sectors.** Social partners are in the best position to do this, but some warn against **the practical difficulty of evaluating long-term skills needs.**

¹⁶ Christophe Degryse, “[Digitalisation of the economy and its impact on labour markets](#)”, Working Paper 2016.02, ETUI, on the basis of data from Frey&Osborne, Ford, Valsamis, Irani, Head Babinet (click on the link to view the document online) and from a study by Bruegel.

¹⁷ C. Degryse, *ibid.*

¹⁸ Estimations of the European Commission, in the framework of the Digital agenda for Europe.

¹⁹ Thales and Areva are examples of companies that have already passed agreements with their social partners regarding digital skills training.



COURSES OF ACTION

- The changes brought about by digital technology (personalised products, global value chains, etc.) make it even more necessary to develop **training programmes meeting the changing needs** of the economy, digital skills and a **common language encompassing digital technology and project management** to facilitate communication and teamwork. Education programme content must be improved to increase innovation capacity and ensure no-one is left on the sidelines. At the same time, lifelong learning is key to the successful redeployment of the workforce.
- **We need to give the scientific/digital/technological world a better image.** The Grand Coalition for Digital Jobs²⁰, launched in March 2013 by the European Commission, is already working towards this goal, but it could be reinforced. National partnerships for digital skills can also play an important role.
- Workers and businesses alike, while in different situations with regards to the digital transformation, **are in need of massive investments in line with global industrial policies, including investments in human capital.**
- **The European Social Fund could be better spent** (the funding has not all been used up), geared more towards training, and benefit larger numbers of workers.
- **We must promote the anticipation of skills related to the digitalisation of the economy.** The ETUC has suggested creating a Europe-wide forum composed of the European Commission, the European Parliament and social partners to develop a shared vision of what a “digital Europe” might look like. **Works councils in Europe could also focus more on these subjects** and carry out prospective studies.
- We should introduce incentives for **public authorities, regions and municipalities.** For example a “**Youth Guarantee +**”, which would extend the “Youth Guarantee” to young people pursuing careers in the digital sector.
- **We must explore the possibility of developing a large-scale retraining programme for all Europeans.**
- **Opportunities to enter a more diversified workforce do exist:** machines are going to relieve workers from hard physical labour to some extent, although new opportunities will have to be offered. This could be a chance to integrate more underprivileged or disabled people into the workforce.

²⁰ Multi-stakeholder partnership. For more information: <http://ec.europa.eu/digital-agenda/en/grand-coalition-digital-jobs-0>.

ROLE OF SOCIAL DIALOGUE IN EUROPEAN ECONOMIC AND SOCIAL GOVERNANCE

Summary report of the seminar held on 8 October 2015



Social dialogue has been “challenged” by current changes (globalisation, the energy and digital transitions, etc.). Yet social dialogue is the sine qua non of a social market economy that works²¹. Social dialogue has an essential role to play in agreeing national and European reforms, as well as appropriate policy mixes.

The **European Commission has therefore committed to giving new momentum to social dialogue, 30 years after Val Duchesse**. Hence the importance of reinforcing the role of social dialogue in European economic and social governance.

In 2011, the EU set up a yearly cycle of economic policy coordination called the “**European Semester**”, during which the European Commission assesses Member States’ budgetary, macroeconomic and structural reform policies in detail. It then issues country-specific recommendations for the following 12 to 18 months. These recommendations also address employment and social policy issues.

In November each year, the European Commission conducts an **Annual Growth Survey** that defines the economic priorities of the EU and its Member States for the year to come. In the following January, the Member States submit their “**national reform programmes**”. The Member States then receive “**country-specific recommendations**” regarding their national reform policies, which are approved by the European Council in June and formally adopted by ECOFIN in July.

The role of national social partners in the European Semester is not defined in the European economic governance framework (the “Six-pack”). Yet they have a key contribution to make in developing and implementing the above recommendations. **Today, there is a general consensus that their role in economic and social governance should be strengthened. The result would be greater acceptance and therefore more effective implementation of the reforms needed.**

At European level, involvement of social partners has recently been reinforced. They are consulted before the Annual Growth Survey is published. In 2015, the Commission’s country reports were published three months sooner (in February rather

than May) to enable Member States to more effectively engage stakeholders. In 2014, social partners participated directly in informal meetings of the ministers of employment and social policy. At political meetings on the Commission’s key initiatives, social partners have talked with Vice-President Katainen about the Investment Plan (April 2015) and Vice-President Sefcovic about the energy union (June 2015). They have also been able to voice their opinions on the labour market integration of the long-term unemployed (April 2015), the mobility package (June 2015) and the pillar of social rights announced by President Juncker in his State of the Union address. Two thematic groups have been tasked with monitoring the implantation of two priorities: on one hand the strengthening of the role of social dialogue in economic governance and of the capacity building, and on the other hand of the participation of social partners in EU policy- and law-making.

However, the EU institutions agree with the social partners that they should be more involved not only at European level but also at national level²².

At national level, social partners in most Member States have been involved in developing national reform programmes²³. They are involved in the five Member States covered by this study: Germany, France, Italy, Poland and Sweden. **Greece must be considered separately because it takes part in the macroeconomic adjustment programme.**

However, among our five countries, there are **significant differences in the level of involvement**. In some countries, like Sweden and Poland for example, social partners are regularly consulted and sufficient time is allowed for the information and consultation process. Yet **the impact on national reform programmes is considered significant in Sweden but limited in Poland**. In other countries social partners are consulted regularly but **not enough time is allowed, for example in Italy**. **In France and other countries, consultation is irregular,**

²² See the presentation by David Dion, Head of Unit for Social Dialogue and Industrial Relations at the European Commission’s DG Employment, seminar of 8 October 2016.

²³ Eurofound, Role of the social partners in the European Semester, Christian Weltz, February 2016. http://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1570en.pdf

²¹ Its essential role is recognised in the European Treaties, the EU Charter of Fundamental Rights, the European Social Charter and ILO conventions.

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unbalanced and hurried. As a result, its impact is limited. Similar differences also exist in other countries: in **Germany**, while social partners are consulted regularly and an appropriate length of time is afforded to employers, the impact on national reform programmes is limited. Furthermore, **trade unions are not allowed sufficient time and have no influence at all. Sweden is a good example of a country where national social partners have an impact on country-specific recommendations**²⁴: when, in June 2012, the European Council recommended Sweden decrease its minimum wage rates, Swedish trade unions expressed concern that such a measure would undermine the independence of social partners, and the Council withdrew its recommendation. Sweden's exemplary performance in this area (Dufresne, 2015) has probably given national social partners more influence. While in other countries significant labour market reforms have been adopted without consulting the social partners.

Trade unions take a rather negative view of public policies recommended during the European Semester process: they believe they are unfair and that they promote austerity rather than the social objectives of the Europe 2020 strategy (such as social cohesion and poverty prevention). Employers on the other hand tend to approve all the policies proposed.

AVENUES TO EXPLORE AND/OR DEVELOP

- Increase the involvement of social partners in the early stages of the national and EU policy making process, without trying to turn them into "after-sales agents".
- Take into consideration **the functional (but substantial) involvement of social partners in the policy making process by reaching a consensus** on how to reconcile demand for quality jobs (trade unions) with the need for competitiveness (employers). The "joint labour market analysis" conducted by European social partners provides a **common definition of competitiveness**²⁵ (July 2015)²⁶ and **the beginnings of an agreement on**

macroeconomic policy²⁷. They have also developed a joint work programme for 2015-2017.

- Do not separate economic and social matters, and further increase involvement of social partners, **especially in matters related indirectly to employment**: all the European Commission's Directorate Generals should consult social partners in the future²⁸.
- **Promote the specific role of social partners in employment-related matters**, and distinguish it from consultations with civil society²⁹. Social partners should be involved closely in the discussion on social benchmark indicators.
- **Further increase opportunities for cooperation, especially with sector-level social partners**: work on the macroeconomic indicators used in the metal industry has helped improve social partners' involvement in economic governance³⁰.
- **Explore the possibility of jointly renewing the flexicurity strategy at European level.**
- Opinion is divided between social partners about what constitutes "good quality social dialogue"³¹: **we must resist the temptation of a top-down approach** from the European Commission (BusinessEurope), respect social partners' independence and diversity in national industrial relations systems, **and intervene in any Member State (not just new ones) where social dialogue is inefficient** (ETUI). Otherwise, social partner participation in the European Semester will be inadequate. Explore opportunities for the European Commission and the EU institutions to play a more incentive role, for example by making ESF resources available to social partners in different countries (ETUI/Business Europe).
- Consolidate the position of "European Semester Officers" in Member States, systematically establish specific "European committees" at national level, **reinforce capacity-building among national social partners (combining financial, political, institutional and legal aid)** and propose reforms to make ESF resources more accessible to national social partners based on current mapping of use of these resources.

²⁴ See Eurofound, Role of the social partners in the European Semester, February 2016.

²⁵ Competitiveness "encompasses a wide number of factors that ultimately influence a country's growth and jobs performance favourably such as: macroeconomic fundamentals, labour market policies, innovation and investment in R&D, business environment including infrastructure, skills, education and training, labour cost and high performing public services."

²⁶ https://www.business-europe.eu/sites/buseur/files/media/reports_and_studies/joint_idea_report_july_2015_final_v3.pdf ETUI, BusinessEurope, CEEP, UEAPME, July 2015.

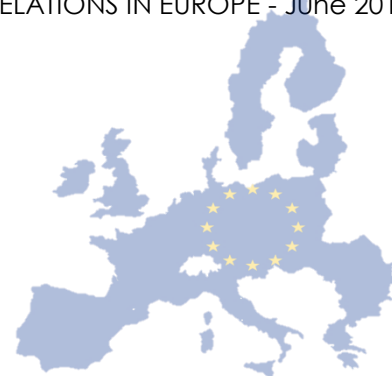
²⁷ All social partners agree on the necessity of long-term public finance sustainability, but the ETUC is against the Fiscal Compact.

²⁸ Cinzia Sechi, Policy Advisor, ETUI, seminar of 8/10/2015.

²⁹ Antje Gerstein, Head of the Brussels office of the Confederation of German Employers' Associations (BDA), seminar of 8/10/2015.

³⁰ Maxime Cerrutti, Director of Social Affairs, BusinessEurope, 8/10/2015.

³¹ Right now, the European Commission does not intend to define benchmarks for social dialogue, an idea supported by the ETUI but opposed by BusinessEurope.



Our recommendations

The changes ensuing from the digitalisation of the economy and the energy transition are going to have a massive impact on social practices. They are just one aspect of the large-scale changes underway in our societies, which manifest in the crises that have hit Europe serving to fragment it even more. Social dialogue and social protection systems are powerful cultural markers for Europe, which are threatened by these changes, and yet the changes also offer opportunities for dynamic reinvention. Transforming social dialogue in Europe into the preferred method of creating opportunities out of the transition seems ambitious. Social stakeholders have to get to grips with this and the Commission must offer the appropriate incentives for doing so.

- **Drafting and trialling a European framework for participation** in its different dimensions (governance, labour collectives, financial, etc.) **of company workers** and trialling methods of participation for younger workers
- **Improving the understanding of the economic and social challenges brought about by these changes**
 - Setting up forums (example: digital) bringing together parliaments, Commission and social partners to promote a shared approach and coordinated efforts
 - Systematically involve the social partners (European, sectoral, national, through an incentive framework) upstream of public policy consultations (general, sectoral) and at every step of the European Semester for policy coordination.
 - Work on the practical implementation of the concept of "just transition".
- **Reinforce stakeholders' capacities in diagnostics, negotiations, monitoring and evaluation at all levels** (European, national, sectoral...)
 - In the countries where it is most difficult/the least developed, opt for projects (European Commission and social partners) which are aimed at developing social dialogue
 - Trial forms of dialogue that include representatives of new types of employment and new types of workers to adapt or create new forms of social protection and plan for monitoring-evaluation at European level
- **The territory, a key level for intersectoral mobility resulting from these developments**
- **European works councils:** launch an experimental framework that allows for genuine subsidiarity and clarifies the roles between European/national bodies. It is important to ensure that what is tackled together at European level is not repeated at national level (implementation).
- **European sectoral dialogue committees:** establish a systematic link between the DGs of the Commission (DG Growth, DG Connect...) and the Committees to build on their existing work (forums, common positions, agreements...) and build the industrial sectoral dimensions and social dimensions of the internal market; these market dimensions are not yet in place
- **European and national tripartite social dialogue** must grasp the problems of competitiveness and participation in the labour market when targeting a macroeconomic diagnosis and shared reform content and defining an industrial competitiveness strategy for the EU
- **Make the overhauling of training systems** a priority involving the social partners in order to respond to the needs of the energy and digital transitions
 - Launch a mass/common requalification programme for the workers most heavily affected by the developments and regular updating of skills