

SOCIAL DIALOGUE IN THE FACE OF EMPLOYMENT CHALLENGES POSED BY THE ENERGY AND DIGITAL TRANSITIONS

The energy transition (towards a low-carbon economy) and digital transition (paradigm shift caused by simultaneous technical progress: Big Data, connected objects, 3D...) are both presenting considerable challenges for Europe and its citizens. This is especially so in the case of employment, even if the impact differs according to the sector and the country: destruction, creation, changes across all job descriptions, skills and training needs. Companies, work and the status of work are all being jostled around in a legal framework and collective protection that are becoming ineffective.

Compared to other regions of the world, Europe recognises social dialogue as being a key element in a social market economy and, when it works, it is indeed a competitiveness factor. At a time in which the President of the European Commission is reaffirming its central role, how are employers and workers representatives apprehending these changes taking place in the different spheres of dialogue, from the enterprise to the sector, from the territory to the European level? Are the diagnostics shared? Are the structures really allowing to understand what is at stake? What have the results been to date?

1 – The main lessons learned: state of affairs and questions asked

1-1 Energy transition, digital transition: challenges that have yet to be taken up by company and worker representatives

Whilst the theoretical objective of low-carbon economies is globally shared by company and worker representatives, above and beyond the general findings there is a lack of shared perspectives and in some instances there is even tension about the way in which the ensuing consequences should be managed. The subject remains highly controversial in Poland (preponderance of coal and consequences for employment). The concept of a “just transition” adopted at the COP21 is shared but its content still lacks clarity and its precise implementation has not yet been defined.

Representatives of workers and employers consider that the structure and content of jobs are (or will be) affected: the number of jobs will progress in smaller structures (NREs, tech) whereas those in larger companies - which are more stable - will tend to decrease. This translates into mobility and training needs on a huge scale. The strategic challenges, however, and the investment needs considered crucial across the board are not at the heart of the work being done by European social partners.

How to make the most of the opportunities presented by the digital transition and how to deal with the consequences: those issues are not yet sufficiently covered by industrial relations. As one of the most involved trade union organisations in Europe (Germany) had to say on the subject: we are in “the phase of describing and listing the problems to be tackled”. There is, however, consensus on the main challenges posed by the “digitalisation of the economy”:

- Large-scale and fast redeployment of the labour force calling for massive and urgent requalification efforts to preserve Europe’s place on the global stage. There is a debate ongoing about what the respective efforts of companies, workers and public authorities ought to be when sharing out the workload.

- The necessary acceptance of the changes taking place in companies, new ways of organising labour, capacity to adapt.
- The development of platforms, the growing number of new types of jobs. What type of social protection is there for them and how are they to be financed? How relevant are the current provisions?

Workers' trade unions are highlighting the risks of growing inequality and precarious work. They lament the fact that the European Commission has failed to incorporate the social dimension into its digital strategy.

1-2 European dialogue (European bi- and tripartite, sector-level, company-level): how effective are they?

The political decisions made as a result of the crisis have led to clear disagreements between employers and trade unions and with the European Commission. This is especially the case regarding macroeconomic forecasting and the content of structural reforms. In addition, there is the employer/trade union disagreement on the normative or non-normative dimension of European social dialogue.

After the conference "towards a new start for social dialogue" in March 2015, the European social partners' adoption of a working programme (2015-2017) as their common response to the European Council (April 2016) demonstrated their desire for European social dialogue to thrive despite having been beset with various difficulties.

There are growing numbers of **sectoral dialogue committees** (43), but which are seeing their means diminish and have varying outcomes and effectiveness with regard to the challenges posed by these transitions. Active developments are taking place in the postal sector (already heavily affected by the digital transition) and those of chemicals or electricity (which have adopted framework agreements on the skills that will be especially useful in the countries without the means to finance them), but how this plays out at national level remains problematic. Whilst the sectoral challenges, however, may give rise to regular exchanges between companies and the Commission about the work it is doing (example of the Banking Union), they are not at the heart of the work carried out by the corresponding sectoral committees.

Leaders (employers and trade unions alike) are asking themselves questions about the effectiveness of European sectoral dialogue. The quality of some outcomes shows there is high potential. But the more strategic issues need to be tackled everywhere and guarantees need to be provided that the implementation at national level will be effective.

European Works Councils (EWCs) cover 40% of the companies involved, a percentage that does not seem to be increasing. The need for rapid adaptation means that EWCs need to work on a more flexible basis and with faster reaction times and they need to ensure that subsidiarity does not result in the same thing being done on several levels. Some employers, who view EWCs as a way to progress towards a European culture of social dialogue, are currently casting doubt upon this possibility and see the slowness of the process as an obstacle.

1-3 Weakened social dialogue, which remains very national and increasingly divergent

In fine, the crisis and how it was handled, and then the upheaval generated by energy and digital developments, have served to increase the weaknesses and divergences regarding the role and

structure of national industrial relations systems: resilient and proactive in the cases where it was well-structured (Sweden, Germany...), heavily affected where that was not the case (unstructured in Greece, reforms pushed through in Italy). Collective agreements are covering fewer and fewer workers.

Workers' trade unions are barely organising workers in new sectors of activity, young people, women. Ultimately, the representation of workers' organisations and employers' organisations has become weakened.

Practices and stances of stakeholders differ from one country to another and, for both employers as well as workers' representatives, the points of view remain heterogeneous when they are not antagonistic.

The dialogue at European level produces few results and has too few links to the national level. Weakening of the latter risks speeding up the decline at European level.

The energy and digital transitions that are shaking up production methods and business models could heavily jeopardise social dialogue in a number of regions of the EU.

However, some interesting experiences within companies and territories, the clarity of sight of the leaders we have met with regard to the risks of marginalising social dialogue... all serve to indicate that restructuring social dialogue is possible.

2 – Restructuring social dialogue

The restructuring of social dialogue cannot be disassociated from the challenges the European Union has to face in the area of economic and social development. A social dimension whose weakness is one of the causes of the crisis affecting the European Union.

Restoring the rightful role of social dialogue as wished for by the Commission President is a way of making the social dimension a determining factor in the economic competitiveness of businesses within the European Union that are confronted with the challenges posed by the digital and energy transition especially.

The European Commission is quite right to propose, together with the social partners, a framework and set of terms aimed at associating social dialogue with European economic and sectoral policies.

2 – 1 Changes affecting enterprise in the first instance

The transitions (digitalisation, energy transition...), underway at global level, are causing companies to change dramatically and rapidly: they are becoming more horizontal, blurring the boundaries between the production of goods and services, between suppliers and users, and forming relationships with new players in the economy, from companies and regions.

Enterprise is bringing (or will bring) together workers with varying statuses (freelance, more or less self-employed, more or less stable). In this shifting world, enterprise (in forms that vary greatly between "platform" and "traditional enterprise") is going to be faced with new questions that the general framework (joint or legislative) in many cases has not anticipated.

Within “enterprise”, worker/employer relations are in the process of being turned upside down. They are giving rise to a large diversity of practices that are still emerging at the time of this study. It will be vital to have some method of tracking them, capitalising upon and transferring promising examples of innovation, and assessing the repercussions on other spheres of dialogue.

Worker participation (regardless of the workers’ status and legal ties to the decision-maker), vital in an economy that calls for greater responsibility, involvement and cooperation, must be able to build on in-depth and broad-ranging social dialogue, which is a measure of competitiveness.

2-2 Decentralisation resulting from the growing diversity of situations and the urgent need to act in the face of change

Whilst there are many reasons for strengthening social dialogue at company level, there are many subjects that cannot find satisfactory answers at this level alone: the status of employees, new forms of social protection and their financing, ensuring collective agreements (to a greater or lesser extent according to the sectors and countries). Enterprise is part of an ecosystem that has to be regulated.

The new role of social dialogue at company level confirms the trend towards decentralising collective bargaining, which is becoming more widespread across the European Union. Every country has approached it from one direction only and with modalities befitting that particular country, increasing the divergences and making the link to the European level more complicated.

Transforming the economy is an opportunity to arrive at a common understanding of this decentralisation by placing it in a perspective of social convergence and the new challenges it faces in terms of driving forward and regulating a new economy. The foundations must be laid for structuring social dialogue as a means of spurring on and regulating these developments in a changing Europe that is faced with the reinvention of its “social model”. This is an opportunity for allocating at European level the role that is called for by the growing interdependencies, the need for greater cooperation, compensating for the erosion of national coordination and regulation systems.

2 –3 Role and links between different levels of dialogue

The discussions and observations gathered during our study have led us to underline several key points:

- Reshaping the territory by mobilising all stakeholders, not only the traditional stakeholders in social dialogue, as a possible space for building a project on the economic, social and societal conditions for its development. “Territory” is understood as “project territory” (for development or revitalisation) linked to an institutional dimension (for access to training, transport...)
- Imagining constant interaction between the different levels by deciding what the pivotal level will be, depending on the problem at hand.

The intention is not to call into question the standard-setting role of agreements signed at European level, much less so the European social pillar. When facing challenges and questions about what the relevant sectoral perimeters will be, the issue is reaching a dynamic approach to subsidiarity: what is the appropriate level for dealing with a given subject, how does it link in with the others, what is the role of standards, incentives, which areas need bolstering, others reducing?

To illustrate our thesis, we are looking at the questions of mobility and skills which are being discussed at more or less all levels. We looked at a territory with professional sectors to evaluate how jobs were evolving in the different sectors, sketching out the mobility shifts and changing training needs. The territory may be the benchmark location for these challenges from which the local company can work on one side and the European sector on the other. The European sector is best placed for working on “job skills”.

- The current challenges facing companies are causing them to dialogue more with new stakeholders, especially associations. This is a factor in creating new dynamics, even if it seems necessary to see just how representative they are.
- The European Commission must systematise the decompartmentalisation of its approach by including the social dialogue dimension in all European dossiers.

2 –4 Renovating European social dialogue: connecting political ambition with a pragmatic approach

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

Methodology

“Confrontations Europe” is an association that focuses its efforts on European integration. It seeks to involve companies, trade unions, researchers, etc., in its activities. It is the link between the economic and social stakeholders and the European institutions and political decision-makers.

The energy transition (towards a low-carbon economy) and digital transition (paradigm shift caused by simultaneous technical progress: Big Data, connected objects, 3D...) are presenting considerable challenges for Europe and its citizens, especially in terms of employment. How are employers and workers representatives apprehending these changes taking place in the different spheres of dialogue, from the enterprise to the sector, from the territory to the European level? Are the diagnostics shared? Are the structures really allowing to understand what is at stake? What have the results been to date? This is what we sought to evaluate with the support of the European Commission’s DG Employment and approximately thirty European partners. Our study covers the various levels of industrial relations, from European enterprise to the sector, from the territory to Europe by comparing six countries in the EU representing the main systems of industrial relations (France, Germany, Greece, Italy, Poland, Sweden), as well as a candidate country: Turkey.

We looked at the predominant trends and main findings in different spheres of dialogue, analysed the connections between the levels, the possibilities for industrial relations to boost and regulate this dialogue in conjunction with the role played by public authorities.

The eight seminars, two conferences and bilateral exchanges conducted as part of this study provided us with our basic material, enhanced by the lessons learned from existing research and work carried out by Confrontations in other fields. Our methodology which compares the perspectives of the main economic and social stakeholders and cross-references our European partners’ expertise on industrial relations, aims to identify (on the basis of shared diagnostics), analyse and explore avenues for the economic and social stakeholders and the European Commission to hone in on with regard to industrial relations in Europe so that they are better equipped to anticipate and act on the deep-seated changes taking place.



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