



ZENTRUM FÜR SOZIALE INNOVATION  
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## **Shaping Industrial Relations in a Digitalising Services Industry Challenges and Opportunities for Social Partners**

Final Policy Paper  
2017-2018

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### **\*Note to editors**

The present document is the final policy paper of the UNI Europa project ‘Shaping Industrial Relations in a Digitalising Services Industry – Challenges and Opportunities for Social Partners’. The project was carried out in joint cooperation with ‘ZSI – Centre for Social Innovation’ between January 2017 and December 2018. It was financially supported by the European Commission. The document comprises significant findings and outcomes of the research conducted by ZSI, the project workshops and conference as well as political activities from relevant UNI Europa sectors. ZSI provided nine research documents, which summarise the project’s results in more detail. These documents are published on our UNI Europa project website: <https://unieuropaprojects.org/shaping-industrial-relations/>

## 1. Introduction

The age of globalisation and digitalisation poses major challenges to society in general and to workers and trade unions in particular. Digital technologies offer opportunities for job creation as well as new empowered and self-determined ways of working. They also provide work related challenges: technological unemployment, digitally accelerated restructuring and worldwide relocation of work, fragmentation of workforces through mobile and hyperflexible work, new forms of low-paid and precarious work on platforms, increased regimentation of work and digital control through data as an instrument of management power. Trade unions play a crucial role in positively influencing this process to ensure that this era is innovative and sustainable for workers and society as a whole and that its benefits and opportunities are fairly and evenly distributed. Striving to contribute to the common good, trade unions stand up for high-quality jobs and employment across the services sector. Skilled workforces are indispensable to realise the potential benefits of digitalisation.

UNI Europa addressed these challenges in our project 'Shaping Industrial Relations in a Digitalising Services Industry – Challenges and Opportunities for Social Partners'. It was a joint project between UNI Europa and 'ZSI – Centre for Social Innovation'. This project was one of UNI Europa's top priorities for 2017-2018 and a key element in developing our political platform on the future world of work in services sectors. By identifying and analysing change factors and exploring new approaches for social partners to the challenges linked to maintaining effective industrial relations systems in a digitalising services industry, we strive to provide policy advice for trade unions, social partners and policymakers. Key tools for trade unions to influence the institutional frameworks for change are industrial relations, collective bargaining, social dialogue and capacity building for social partners.

Digitalisation can maintain or even deepen societal inequalities. Therefore, our discussions took place in the context of UNI Europa's basic principle to bridge societal divides: social groups that already face disadvantages, for instance ethnic groups or women, may be negatively impacted even further in the new world of work. To bridge these divisions, our policies strive to address long-established and newly emerging inequalities.

The project focused on three thematic clusters, namely 1) services markets, 2) labour markets, and 3) work organisation and company strategies. In the framework of these three clusters, topics on worker representation and collective bargaining, an employment relationship 4.0 and skills and (re)training opportunities were discussed in three workshops that took place in Brussels, Berlin and Stockholm. The findings and outcomes were presented in the mid-term project conference in Brussels in May 2018, aiming to contribute to UNI Europa's political platform on industrial relations in a digitalising services industry. The present document summarises the findings and outcomes of the research conducted by ZSI, the project workshop and conference as well as political activities from relevant UNI Europa sectors. It should serve as a basis for internal UNI Europa discussions as well as exchanges with academics and relevant social partners. First discussion fora were provided in the framework of two reflection workshops that were organised in the autumn of 2018 in Vienna and Brussels and which round off the project.

The present paper is divided into three parts: firstly, developments and changes in the services and labour markets as well as company strategies and work organisation are outlined. Secondly, relevant challenges and opportunities as well as UNI Europa activities and policies are presented in light of the three above mentioned topics. Finally, the policy paper concludes with a future outlook and relevant next steps for UNI Europa.

## 2. A Digitalising Services Industry: A Thematic Classification

The following provides an overview of recent developments and changes in services and labour markets and company strategies as well as challenges and opportunities for policy initiatives and work organisation across Europe. Special focus is paid to the differences and similarities between and within regions and sectors.

### 2.1 Changing Services Markets

In the last decade service markets expanded in all European Member States: between 69% and 79% of the respective GDPs is created in the service sector. Employment growth is mainly concentrated in this sector. However, the Member States and European regions have different service profiles:

- **Southern Europe** has a predominance of small and medium businesses in many service industries;
- In **Continental Europe**, there are different trends: firstly, the ICTS sector is growing and offers opportunities for new digital business models. Secondly, there are job losses in the finance sector, in particular due to automation processes in back-offices that are replacing more and more middle-skilled jobs. Thirdly, the commerce sector is expanding its e-commerce and mixed-channel activities;
- In **Central and Eastern Europe**, service expansion has been driven by foreign direct investment. These countries serve as destinations for outsourced business, customer- and ICT service functions that are integrated into global value chains. Domestic markets are often dominated by foreign multinational companies;
- In the **Nordic region**, service sectors are characterised by national and foreign multinationals that proactively pursue digitalisation strategies; and
- In the **UK**, the service profile is characterised by privatisation of public services and commercialisation. The UK strives for global leadership in financial service innovation.

In the following, the views and perspectives of interviewed trade unionists on developments in five UNI Europa sectors are summarised. In general, a digitalising services industry leads to further concentration within and more competition between the sectors across the EU and beyond: operating companies expand services across sectors and integrate them in European or global business and value chains. This development goes hand in hand with shifting dominance and power in service value chains as companies restructure, outsource and offshore work. The control of customer data in services is contested between incumbents in various service sectors and providers of generic business-services. In particular, the dominant role of the so-called Big 5 tech companies - namely Google, Facebook, Amazon, Microsoft and Apple – poses a major challenge.

- In the **ICTS sector**, activities are concentrated in emerging technologies such as Big Data, Cloud Computing, Security or Internet of Things. Control over key technologies as well as integrating various applications and functions within and between companies are essential elements.
- In the **finance sector**, companies strive to emulate the strategies of ICT companies by providing more comprehensive services. In general, there is a trend towards concentration that goes hand in hand with a reduction of retail branches as well as cost-cutting strategies. Banks increasingly collaborate with fintech start-ups. While they invest in these start-ups to profit from their know-how and capacity to innovate, banks face competition and the risk of disruption from new fintechs and dominant ICT-platforms such as Google or Apple Pay.

- In the **commerce sector**, e-commerce activities are becoming more and more important. Functions are shifting from retail to logistics, thereby broadening the scope of communication and online marketing strategies from a local to a global level. It is expected for this trend to lead towards higher competition and further concentration within the sector.
- These developments have an impact on the **post and logistic sector** as well: as traditional communication is increasingly being replaced by electronic communication (e-substitution), this sector is being forced to diversify its activities. This includes, among others, e-commerce, which ranges from warehousing to small retailers or shopping platforms. Consequently, the logistic sector is taking over functions from commerce and manufacturing. Moreover, its business in parcel delivery is increasing substantially.
- The **media sector** is struggling with disruptions through digital platforms and new distribution channels. Dominant platforms such as Amazon or Apple offer forms of cooperation and collaboration while, at the same time, putting smaller digitally-acting operators under increasing cost and competitive pressure.

To conclude, all sectors are facing three challenges in particular: firstly, the digital environment is pushing new competitors and potential disruptors into the traditional economy. Secondly, boundaries between different sectors are shifting and merging at the same time. Finally, the role of the consumer is changing as customer-generated data and content have an impact on service operation and distribution. Amazon is a global player that is likely to be of utmost importance for all service sectors. A key task for trade unions is to gain influence on the company's actions through a framework of social dialogue and collective bargaining.

## 2.2 Challenges to the Labour Market due to New Company Strategies

Changing service markets pose challenges to the labour markets in general and to employment relationships in particular. There are three major trends: Firstly, tasks can be automatised due to technological developments in ICT, artificial intelligence, speech and pattern recognition as well as data analytics. Statistical forecasts vary, ranging from moderate to extreme prognoses about job losses due to the automation of tasks. Research into service work shows that routine service jobs include non-routine tasks (e.g. team coordination or documentation in care) as well as routine tasks (administration or secretarial work), estimating that automation is unlikely to affect entire jobs. Prognoses that use task-based analyses are less extreme as regards job losses. Secondly, digitalisation enables outsourcing and offshoring processes. In both cases, increasing parts of services are managed or delivered remotely and independently. As generic services are bought, sold or managed through clouds and platforms, this is expected to further extend the value creation strategy of service providers. Such restructuring processes can simultaneously lead to a decline of the core workforce in companies and an increase of a second-tier workforce with lower wages and more flexible and precarious working conditions. According to previous UNI Europa studies, offshoring and outsourcing have become more 'systematic' as dominant companies retain strategic control over governance and integration of value chains and even relocate former core functions.

Even though digital technology does not determine work organisation as such, there are convergent patterns of digitised work organisation across different sectors and skill levels that are enhanced through these restructuring processes. In her work, Ursula Huws – Professor of Global Work and Employment at the University of Hertfordshire (UK) - describes this as 'logged labour': online tasks are standardised, systematically coordinated and monitored online as well as recorded for future analysis. While each unit of production is part of a larger electronically-

managed process, its costs can be cut by shifting labour either to lower-skilled workers, lower-cost regions or customers.

These restructuring processes can lead to precarious and hyper-flexible jobs. The workforce in such new business models is often composed of self-employed-, contract-, temporary agency-, or crowd workers. These forms of atypical employment have increased since the outbreak of the financial crisis in 2008. Despite various economic and political attempts, the pre-crisis state of permanent employment has not returned, even though there has been a slow increase since 2014. It is expected that job losses in the services sector will mainly affect the mid-skilled and mid-salary workforce. This enhances the trend towards a polarisation of the labour market. In light of these developments, there is a general agreement on expected ICT skill demands. ICT skills are crucial in various sectors/jobs but need to be complemented by broader cognitive and social skills such as collaboration, creativity, interaction and problem-solving.

### **2.3 In Response: New Work Organisation and Policy Initiatives**

The European Commission approaches the challenges and opportunities linked to the age of digitalisation among others through the *(Digital) Single Market Strategy* and the *European Pillar of Social Rights*. In addition, there are various national initiatives on digitalisation focussing on different aspects such as digital infrastructure, innovation or regulation. Some of these initiatives are government-led. The influence of trade unions on these initiatives depends on the respective Member State: in the Nordic and in certain Continental Member States, there are wider ranges of bi- or tripartite initiatives. However, in Central and Eastern Europe, in Southern Member States and in the UK, policy initiatives are led by the state without any social partner involvement. Even though trade union assessments towards their capacity in shaping digital technologies vary between optimism and pessimism, which results among others from the respective national and sectoral labour market situation, trade unions generally agree that traditional work organisation is subject to radical changes. They face new challenges as their national frameworks are not always aligned with the factors that influence national industrial relations. The reason is that companies often operate within cross-border and transnational regulation and policies. In addition, the change in the (power) relationship between companies, workers and consumers weakens the bargaining power of trade unions in general and workers' profit share in particular.

## **3. UNI Europa Activities and Policies**

In light of this thematic classification, UNI Europa and its affiliates have discussed in detail topics related to worker representation and collective bargaining, an employment relationship 4.0 as well as skills and (re)training opportunities. The challenges linked to these topics and the respective UNI Europa approaches as the collective of its affiliates are reflected in its activities and policies that are outlined below.

### **3.1 Worker Representation and Collective Bargaining in a Globalised World**

#### Challenges and Opportunities

In digitalised economies, the boundaries of companies, jobs and employment relations become increasingly dependent on management strategies and decisions that are taken in an international context. However, worker participation is still widely based nationally and follows the structure of

conventional jobs, workplaces and employment contracts. It remains a challenge to go beyond these structures, to cover new forms of employment relationships and to organise and represent workers along extended value chains and across borders. Over the last century, social partnership and collective bargaining was essential in shaping industrial relations, as well as European societies and economies, to the benefit of workers and citizens. They remain important in the age of digitalisation and globalisation.

### Activities

*UNI Europa and its affiliates follow various activities on worker representation and collective bargaining in a globalised world:*

UNI Europa and its affiliates continue to defend workers' rights by shaping the social dialogue as well as the role of (European) works councils in all relevant sectors. We support company and sectoral trade union actions and strategies that are shaped in specific company contexts. Leading examples are the collective agreements that our German affiliate ver.di concluded with the telecommunication company *Deutsche Telekom* and that our French affiliates CFDT-F3C, CGT-FAPT and FO-COM concluded with *Orange*. Significant achievements include jointly agreed regulations on working time, mobile work and the right to disconnect. The UNI Europa media and entertainment (MEI) sector focusses its project work on policy approaches that strive for fair remuneration and collective bargaining rights in the digital environment.

Furthermore, UNI Europa and its affiliates address the respective national and EU regulation, striving to influence existing and new legislation. The ability of UNI Europa and its affiliates to do so has become increasingly visible, notably as regards the blocking of the legislative proposal for a European service e-card and the co-drafting of a proposal for an EU directive on platform work with the European institutions.

In addition, UNI Europa and its affiliates aim to establish trade union actions and strategies in connection with emerging grassroot movements to reach out to new sectors: the collective bargaining agreement between our Danish affiliate 3F and Hilfr, a website platform providing cleaning services for around 1,700 customers across Denmark, serves as an example insofar as it treats self-employed contractors as workers. Key points of the collective agreement include a minimum payment of 141,21 DKK (19 €) per hour, a contribution to pension savings, holiday pay contribution, sick pay and the introduction of a 'welfare supplement'.

### Policy

*UNI Europa's activities to promote worker representation and collective bargaining in a globalised world are guided by the following policies.*

UNI Europa and its affiliates:

- continue in particular to promote sectoral collective bargaining at national level and sectorial social dialogue at European level;
- work towards influencing and shaping worker participation rights as regards decisions on the awarding of contracts, relocation or outsourcing of work;
- strive to establish new organisation and communication rights and structures for worker representation and collective bargaining, ensuring proper enforcement; and

- fight for similar rights and collective bargaining structures in new forms of work. This should include the right for trade unions to organise, to receive access to workforces as well as the right to strike and conclude collective agreements.

### **3.2 An Employment Relationship 4.0**

#### Challenges and Opportunities

Digitalisation and new emerging business models will have an impact on the workplace and on traditional employment and work relationships. A substantial proportion of future jobs are expected to fall outside classical definitions of standard employment. In particular, in the services sector new forms of employment (non-standard or atypical) have spread rapidly and more and more workers are given no other choice but to operate as self-employed (own-account workers without employees). New and non-standard forms of employment are at risk of becoming a source of precarious employment outside of traditional working patterns. These workers often work for different customers or employers and are not always covered by collective labour agreements and/or labour legislation. Flexible work-time models and location-independent work are possibilities that can enrich modern employment relationships, in particular by offering workers a higher degree of autonomy. However, workforce flexibility and mobility often follow the interests of the employer rather than the employee.

#### Activities

*UNI Europa and its affiliates pursue various activities on the establishment of an employment relationship 4.0:*

We continue to work on a definition of an employment relationship 4.0 in the services sector: revised definitions of a 'worker' and of an 'employer' are needed. The ILO report on the Scope of the Employment Relationship (Recommendation 198) from 2006 as well as the ILO Convention on the Rights of Homeworkers (No. 177) serve as a basis for discussion. According to UNI Europa and its affiliates, the definition of an employment relationship should extend the scope of the traditional understanding of a relationship between an employee/worker and an employer/company. Special attention should be given to how an employment relationship 4.0 can be established that will cover the entire working life rather than only work for a particular employer.

UNI Europa's sectors are working towards building a framework for an employment relationship 4.0 by approaching this topic from different angles. For instance, the UNI Europa Finance sector is focusing on an exchange of national and company developments and good practices and its German social partners are developing, in their project 'Mitdenken 4.0' (Think 4.0), guidance documents for companies based on research evidence, with special attention given to topics related to the 'availability and work life balance of employees' and 'indirect control and leading through goals'. UNI Europa is currently negotiating with both the bank and insurance EU social partners on joint declarations on the impact of digitalisation on employment (in the case of insurance, a follow-up of the 2016 joint declaration). The UNI Europa ICTS sector is working on a joint project with ETNO, the respective employer side: relevant aspects are topics related to well-being and good health at work. In light of the radical changes the post and logistic industry is subject to, the respective UNI Europa sector strives to reframe the social dialogue on working conditions given the growing dimension of monitoring work performance through technological innovation. The UNI Europa sector on Property Services is conducting a joint project with the employer federation for the security industry COESS, in which it focusses on challenges related to automation and health and safety issues.

UNI Europa – in cooperation with the ETUC - continues to lobby respective national and European institutions to define a legal framework for employment relationships that are not subject to competition rules: all workers deserve the right to freedom of association and collective bargaining. The latter must not be considered an illegal cartel. We demand in particular that appropriate measures on social security protection are introduced for workers operating in a multi-employer environment at the national and European level.

### Policy

*UNI Europa's activities to revise the definition of an employment relationship 4.0 are guided by the following policies:*

UNI Europa and its affiliates seek:

- to expand the definition of a 'worker' to ensure that all workers, including those with non-standard employment relationships, have the same rights and conditions;
- to ensure that new forms of employment are accompanied by safe working conditions to prevent precarious work;
- that employers, broadly defined and including those that engage workers without a non-standard employment relationship, accept all rights and obligations associated with the concept of an employer in the traditional economy. In legal matters, these actors should be obliged to disprove that they are employers. The burden of proof should thus lie with an employing actor and not with self-employed or independent contractors;
- the establishment of a legislative framework at the national and EU level that ensures workers' rights in an employment relationship 4.0.

## **3.3 Skills and (Re)training Opportunities**

### Challenges and Opportunities

The anticipation of and need for change and (re)training is essential to ensure that workers develop the necessary skills to be able to participate in and shape the future world of work: continuous skill development is essential to allow workers to maintain their employability in the labour market and to boost their personal and professional development. This can be best achieved by ensuring that continuous skill development and education is closely integrated into a worker's everyday work. It is important that lifelong learning concepts and programmes are developed that constantly adapt to the changing world of work. The challenge remains in offering up-to-date and future-oriented training opportunities in good time as well as in providing workers in new forms of work with the necessary skill-set. Currently, workers in precarious and low-skilled positions, who need such training most, are least likely to receive it. It is essential to ensure that the provision of skills and (re)training opportunities, jointly shaped in cooperation with social partners, is and will be organised by public and private stakeholders to guarantee that all workers have access to them.

### Activities

*UNI Europa and its affiliates pursue the following activities on skills and (re)training opportunities:*

In the framework of the sectoral social dialogues, UNI Europa and its affiliates request skills and (re)training opportunities for all workers to qualify them for decent jobs that offer opportunities for development, security at work and fair payment. While calling for systems of education and

training that are open to all workers, irrespective of their employment status and contract, throughout their careers, UNI Europa and its affiliates stress the need to mobilise more investment funds in education. European structural funds should play a part in this, especially as regards developing innovative formats and social partner capacity building. According to UNI Europa and its affiliates, social partners need to be able to influence decisions on the implementation and monitoring of such funds.

Within the framework of social partnerships, UNI Europa and the respective employers' organisations pursue several objectives: the UNI Europa Commerce sector, in cooperation with EuroCommerce, is carrying out a project on education and training. This project focusses on managing job transitions by promoting and enhancing education and training for all kinds of works. As a starting point, information on e-commerce activities, employment data and relevant skills councils in different Member States is gathered and compiled. Access to training is a key issue. Skills development is the main topic of discussion in the MEI social dialogue. The UNI Europa Post and Logistic sector is working on the identification of and access to the necessary and varying skills and training opportunities for workers, depending on the extent of e-substitution in the respective Member State.

In addition, UNI Europa is part of the European Commission's Digital Skills and Jobs Coalition that brings together Member States, companies, social partners, non-profit organisations and education providers to tackle the lack of digital skills in Europe.

### Policy

*UNI Europa and its affiliates fight for the development of lifelong learning concepts and programmes to ensure that:*

- all workers have a right to training and equal access to it;
- there are varied training opportunities to suit the respective business' and workers' needs, ranging from low to high skills. These training opportunities should be offered during working time;
- skills and training are transferable and portable between companies and work entities. Their recognition should, among others, be reflected in forms of adequately remunerated jobs as well as opportunities to use and further develop skills and competencies at work;
- there is a strong mechanism for skill anticipation, skill matching and job placement, with social partners at the centre, to ensure skills keep up with rapidly changing technologies and changing workplaces.

## **4. Future Outlook and Next Steps**

To conclude, concerns were voiced by the project participants that trade unions have to adapt or rather change their organisation structure to meet the challenges linked to industrial relations in a digitalising services industry. Thus, new structures for communication and organising workers need to be established to better defend jobs, working conditions and workers' interests in the traditional economy as well as in newly emerging sectors. A closer cooperation between the UNI Europa sectors is necessary to better identify and tackle overlapping challenges in the digital age.

Trade unions strive to promote employment and are strongly in favour of job creation and service innovation. However, it remains important for trade unions to ensure high quality services that are produced under decent working conditions, to render jobs and innovations sustainable in an

economic and a social sense. As the concept of worker, employer and applicable working conditions become more complex, it is our ambition to develop an employment relationship 4.0. In light of a growing and constantly changing transnational working environment, workers are and will be faced with an increasing number of employers, customers and modes of working. Therefore, individual employment relationships need to be reinforced through stronger collective frameworks: firstly, rules that provide a basic structure for an employment relationship must be strengthened. Secondly, social partners must shape the framework through sectoral collective bargaining at the national level as well as transnational social dialogue at (multi-) company level. Crucial steps must be taken to merge different national frameworks on employment relationships into a European one that builds on and maintains different national approaches.

In light of the presented project findings and outcomes, which serve as a starting point for our UNI Europa political platform on industrial relations in a digitalising services industry, we will continue to work on these topics in our follow-up two year project from January 2019 onwards. It will focus on cutting-edge thinking and practice among services trade unions with regard to shaping industrial relations through collective bargaining.

## 5. Annex: List of Research Documents

### Regional Reports

- Shaping Industrial Relations in a Digitalising Services Industry: Regional Report for **Central and Eastern Europe** (Vassil Kirov, Bulgarian Academy of Sciences, 2017)
- Shaping Industrial Relations in a Digitalising Services Industry: Regional Report for **Continental Europe** (Wolfgang Haider, Ursula Holtgrewe, Monique Ramioul, Nela Salamon and Yennef Vereycken, ZSI – Centre for Social Innovation GmbH and HIVA KU Leuven, 2017)
- Shaping Industrial Relations in a Digitalising Services Industry: The **Nordic Case** (Anna Ilsøe, FAOS, 2017)
- Regional Report for **Southern Europe** (Stefano Gasparri and Arianna Tassinari, Warwick Business School, 2017)
- Digitalisation of the Services Industries in the **United Kingdom** (Anita Scharma, University of Hertfordshire, 2017)
- Summary of the Regional Reports (Martin Beckmann, ver.di, 2018)

### Workshop Reports

- Workshop 1: **Services Markets** (Ursula Holtgrewe, Nela Salamon and Wolfgang Haider, ZSI – Centre for Social Innovation GmbH, 2018)
- Workshop 2: **Labour Markets** (Ursula Holtgrewe and Nela Salamon, ZSI – Centre for Social Innovation GmbH, 2018)
- Workshop 3: **Company Strategies and Work Organisation** (Ursula Holtgrewe and Wolfgang Haider, ZSI – Centre for Social Innovation GmbH, 2018)
- Summary of the Workshop Reports (Martin Beckmann, ver.di, 2018)

### Research Report

- Service Markets, Labour Markets and Company Strategies in Europe (Ursula Holtgrewe, Nela Salamon and Wolfgang Haider, ZSI – Centre for Social Innovation GmbH, 2018)