

Smart production and industrial relations

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Guidelines for improving Industrial relations in the Smart production

Policies: digital transition

From the point of view of the policy intervention, there are some main areas on which to focus. The first one concerns the role of the State in fostering the economic transition towards a smart production economy. Given that a great share of the studies carried out insofar pictures this transition as an industrial *evolution* rather than *revolution*, there could be great scope for public support and guidance. This role could be put into effect in many ways: firstly, through the diffusion of knowledge about Industry 4.0 and its impact; then through the realisation of an economic and social environment that would facilitate its diffusion thanks to adequate conditions and regulation; finally, the public sector could engage in the process by promoting innovation, directly or indirectly, for instance by increasing digitalisation in the sectors that are of high social utility (Health care, transport, education, etc).

The propagation of know-how and the setting of social contexts favourable to Industry 4.0 must be designed targetting firstly small and medium enterprises.

Public intervention, from a systemic point of view, must be characterised by strong investments in infrastructures. Nonetheless, it means also greater financial efforts to be put in Research and Development, with which to finance or directly realise innovative projects.

Another fundamental step will be the reduction or total elimination of the digital divide.

Policies: digital transition

Policies: *Transizione digitale*

L'intervento pubblico.

La transizione economica verso un sistema produttivo 4.0, e il ruolo che lo Stato può avere per facilitarla.

L'ipotesi che non sarebbe possibile un controllo di questa rivoluzione afferma un principio deterministico che lascia mano libera al solo potere economico e ai suoi interessi.

Il lavoro: qualità, quanto a contenuti di professionalità, la divisione del lavoro, la natura giuridica del rapporto, la relazione tra tempo di lavoro e tempo di vita, la rappresentanza degli interessi, la legislazione sociale, la distribuzione del reddito, le differenze di genere.

Occorre tenere conto naturalmente che anche nelle fabbriche intelligenti, come negli uffici, non tutti i posti di lavoro sono di nuovo tipo e non pochi restano ancorati a tempi e modalità di stampo tayloristico. Senza contare che in molte postazioni di lavoro si riscontra un aumento della responsabilità richiesta senza maggior autonomia.

Questo ruolo può esprimersi in diverse linee d'azione, che riguardano in primo luogo la diffusione di conoscenza sulla realtà dell'Industria 4.0 e delle sue conseguenze;

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La diffusione di conoscenza sulla realtà dell'Industria 4.0 e delle sue conseguenze;

la creazione di un ambiente favorevole, per i lavoratori e per le imprese, allo sviluppo di quest'ultima, attraverso la realizzazione delle necessarie condizioni materiali e normative;

interventi attivi in cui il settore pubblico stesso si fa promotore d'innovazione, direttamente o indirettamente, ad esempio potenziando l'applicazione della digitalizzazione nei settori ad alta utilità sociale (sanità, assistenza, trasporti, istruzione e formazione, ecc.).

Policies: digital transition

Analyses made available insofar have shown that the main challenge of the ongoing industrial evolution will not be the «end of work» and a dramatic decrease in employment, but rather a structural transformation of the economy. The latter implies that millions of jobs will be substituted by others created in different economic sectors, and with different skills needs. Strong public interventions will therefore be needed to ensure the following: the reskilling and upskilling of current workers during the transitional phase, in order for them not be excluded from the new productive environment; while guaranteeing in the long term the existence of an education and training system able to provide to the economy the human capital it needs and to the workers the best employment chances possible.

Obviously, the public sector must ensure as far as possible that enterprises do not lay off workers without adequate skills to operate in the new production processes, and instead retrain them.

Several studies highlight the need for a process of preemptive analysis and anticipation of future changes regarding the skills required from workers. This could be carried out more efficiently in the context of a collaboration among social partners: State, workers and enterprises. The forecast of skills demand by the main representatives of the social partners could foster important synergies in the framework of a national or even international *Skills Agenda*.

Policies: digital transition

At the same time, it is very likely that particular sectors (among which surely is manufacturing) will experience important job losses. Thus, substantial public intervention will have to be undertaken to ensure a safety net for the people who will lose their job. This will imply a reorganisation of the employment centres system, both public and private, that will have to be strongly based on work-related and digital training, as opposed to what happens currently in many countries. In a context where structural unemployment (i.e. lack of job opportunities due to *skills mismatches* in the economy) will gain relevance, active labour market policies systems need to enroll the unemployed in training programmes immediately and not only after they become *long term unemployed*.

Likewise, the relevance of the debate on public schemes designed to support the income of those excluded from the labour market will be renewed, as this could help to limit the negative impact of structural unemployment.

Policies: norms and regulation

The spread of new technologies and the digitalisation in the industrial processes calls for ad hoc normative interventions, so that the new social challenges can be adequately faced. The risk of regulatory gaps must be avoided in order not to observe serious consequences on the process of implementation of the new technologies and on working conditions. Therefore there is a need for a well designed and timely normative production, able to anticipate the issues caused by the deep social and economic transformations taking place.

First of all, the principle that will have to guide the legislator is the balance between the flexibility needed to adapt the regulation to the dynamics of innovation and the fact that the latter must be shaped by the laws, not the other way around. It is not desirable that the regulation of the economy would simply accept *ex post* the transformations that will have already materialised in a condition of regulatory gaps.

Policies: norms and regulation

The rapid evolution of production has already caused numerous atypical working situations in the last years, and the forecasts indicate that many others will arise as an instrument of adaptation to ever changing economic contexts. The legislator is therefore encharged with the task of not allowing for regulatory uncertainty or a run towards lesser workers protection. This means to distinguish between new working relations that need a specific normative intervention and those who can be included in broader reforms, for instance regarding independent work (as could be the case for the *portfolio work*).

On the one hand, current workers rights and protection will have to be ensured in some emerging forms of employment, such as *employee sharing*, *interim management* and *job sharing*.

On the other, they will have be expanded to others that today seem to impose on workers excessive flexibility, such as the *crowd working*. The monitoring and implementation of the new rules will therefore be essential for a sustainable evolution of the labour markets.

Work organisation

In the context of production processes that will be more and more customised, allowing for a stronger and more direct link between individual demand and the supply, and that will rely heavily on a high value added rather than on low prices, the work model judged to be appropriate to reach the efficiency and flexibility required is the *collaborative manufacturing*. This model of work organisation has features that recur often in the literature, often under different categorisations.

Under the collaborative manufacturing model, the workforce is highly qualified and versatile, able to adapt to frequent changes in the productive processes. Because of the variability of the latter, the workers are systematically involved in the management of production and unexpected problems, and therefore also much autonomous in carrying out their tasks; productivity incentives coexist with strong investments in the workforce, through training programmes, career advancement opportunities, a cooperative working environment and job security. The latter means not only contractual security but more importantly the possibility of being employed in different stages of production when needed, which arises from the effort made to upskill the workers.

In exchange, workers become the true engine of the management of everyday situations in the enterprise, and take part to the problem solving processes; they offer more engagement and effort than what agreed in their contracts, and furthermore accept the variability of pay and the flexibility of work that are necessary.

Work organisation: features of the collaborative manufacturing

Multidisciplinarity

Autonomy and flexibility of work

Workers participation in the decision processes and problem solving

Orizontal organisation

Training and lifelong learning

Team working

Variable pay

Industrial Relations

Foreseeing changes – Co-determination

Contractual security Collective bargaining- decentralization –new pattern for industrial relation

Challenges: combining competitiveness (in companies), employability and the quality of work

Human capital as a strategic incentive – employability and permanent Education

For a new way of organising work

Interdisciplinary methods

Autonomy

Participation

Less hierarchical relations

Situational Leaderships Continuing

Education

- Evidence gathered in the ETUC 2015-2016 Ires Morosini 2017 surveys proves that proper engagement of workers within the administrative committee and in strategic decision-making helps companies get better results, also in the context of managing of changes and restructuring.

Industrial relations

Collective negotiation

The evolution towards a labour market consisting of personnel constantly training and up-to-date, with higher qualifications and with multidimensional expertise and lower standardization of the production processes will contribute at increasing the demand of flexible solutions and suited to businesses' specific needs.

Therefore, it seems possible to anticipate common interests in the increase of the importance of collective negotiations on the company level. The latter, however, results in substantial risks, mainly for the protection of workers' rights and powers.

The decentralization of the bargaining processes should therefore happen in a coordinated way and not fragmented, leaving a greater role of definition of the limits of company agreements autonomy to social dialogues processes carried at national, regional and sectorial level. This last type of negotiation, in particular the national one, should be responsible of defining the appropriate imperative standards in terms of workers' protection and rights that would result in limits to companies autonomy in the negotiation of working conditions.

In this context, another fundamental topic is the application of regulations aimed at protecting labour's right also in small companies.

Participation, cooperative negotiation and variable wage

Moreover, it is foreseen the need of a change in the procedures of collective negotiation from a conflicting to a more cooperational way and in which the co-decision principle rules.

This is because on one hand new workers, highly qualified, involved in many production areas and with substantial responsibilities will have a great bargaining power; and secondly, the dialogue with the company would enable them to obtain training opportunities, more autonomy and wage increases, that they wouldn't easily gain in a conflicting environment.

It would be therefore in the interest of all parts to use more participatory negotiation models. This type of objective could be reached through an extension of processes of information and consultation of employees and their representations and their inclusion in the decisions regarding companies' technological upgrades.

Participation, cooperative negotiation and variable wage

As stated before, there will probably also be the need of using a different approach to working hours issues, by allowing a greater range of solutions compared to current ones. However, it's a really sensitive matter.

Some studies note a change in the remuneration process, from the current one based on more or less fixed working time to a different one, where results in term of productivity is what matters mainly. It is hypothesized, moreover, the achievement of more flexibility of working hours through a greater company margin in the determination of working hours, of course within certain limits.

Other tools used are the application of standards based on average hours worked weekly or monthly rather than daily, or even models similar to "Time banks", in which workers could change additional weekly working hours to rest hours when there aren't the condition to work productively. However, there are surely risks in terms of workers' protection and health, family equilibrium and also of less productivity related to longer working periods.

In our opinion, these issues should be addressed thoroughly also during the collective negotiation.

Training

Training opportunities and constant upgrading of workers skills will be most likely the key element for industrial relations: in particular to create a sustainable labour market for workers even in a situation of great fluctuation of company's needs.

There should be therefore a compromise between the worker and the company: the first one would accept working condition more unstable of the current one, precisely because it's inserted in a much less linear and predictable productive context of the one dominant today, but only on the condition of receiving from the company the exact skills that would enable the greatest chances of pay and employment continuity.

Therefore, skill upgrading should be at the center of the social parties' negotiation.

Crucial areas: “The smart factory” in medium and large companies.

The organisation of work is not yet “intelligent”.

Production area

Stronger guarantees of work rights in medium and large companies compared to small and very small companies

Strong accent on hierarchical relations

Lack of autonomy for workers

Few innovations in the field of work organisation

Variable salaries, still significantly tied to workers’ presence

Source: the results of the qualitative enquiry carried out on a cross-section of privileged witnesses operating in Europe (organised by the Ires Morosini Association.)