Lesson 3

GTC

GROWTH THROUGH
TRANSFORMATIONAL CHANGES
in the industrial sector influenced by the EU Green Deal and digitalization and
oactive participation of workers in restructuring the changing working environment

Twin Transition

The main theme of the GTC project is twin transition

The transition is called twin because it involves two main currents of change in the modern economy that run in parallel – although they are not always intricately connected. These are the decarbonisation of the economy in connection with the implementation of the **European Green Deal** policy and the digitalisation of the economy.

The dual transition approach recognises that modern technologies can contribute to achieving the Sustainable Development Goals. The dual transition strategy combines state-of-the-art solutions to increase efficiency and productivity. It can also have a positive impact by 'greening' technology, data assets and infrastructure, while accelerating sustainability across the organisation.

As the concept of dual transition is new and mainly derived from two separate sets of policies at the European Union level, there are still not many examples of it taking place in the real-world context of companies or sectors. Consequently, we also do not fully know what its measurable impact is on working conditions, employment, productivity, and social dialogue.

The academic literature suggests that a dual transition can have both positive and negative impacts on workers and enterprises. At this stage, only some dimensions can be identified for further research such as: work organisation (e.g. worker autonomy vs. AI-led supervision), work content (shift to more complex, unique tasks vs. the 'trap' of insecure, low-skilled jobs, especially in the platform economy), further – skills (upskilling opportunities vs. risk of exclusion due to skills obsolescence and insufficient availability of training) and working conditions (easier and safer physical tasks vs. psychosocial risks associated with the need for constant electronic communication on work matters).

In the context of digitalisation, companies can achieve productivity gains (and thus profits) by reducing the workload of employees or improving working conditions that are detrimental to the health and well-being of employees. Alternatively, the gains achieved through digitisation can be shared with or redistributed to employees by improving work-life balance and/or allocating part of their working time to upskilling (e.g. 4-day working week or 'training Friday'). On the other hand, the dual transition (in particular digitalisation) may also contribute to increasing inequalities and polarisation in the labour market. While highly skilled and mobile workers may benefit more easily from digitalisation, workers with insufficient skills in declining industries face increasingly precarious employment, the threat of dismissal or total exclusion from the labour market.

In comparison, the green transition has a narrower, but potentially significant impact on workers in selected sectors (e.g. mining, energy, steel), sometimes concentrated in several geographic areas. These different impacts call for different policy responses – while retraining and up-skilling are key to improving jobs or occupations resulting from digitalisation, the emphasis on greening requires a more comprehensive set of policies to rebuild the competitiveness and social backbone of regions that have been more affected by the transition.

The impact of digitalisation on the workplace is also significant. In addition to new tasks and the skills required to perform them, digital technologies are changing the way work is managed (in its most extreme form through algorithmic management solutions based on artificial intelligence). Working conditions are also evolving, both for physical work (e.g. collaboration with robots) and for mental work (e.g. teleworking). Digitisation is also facilitating a move towards a more flexible workforce, characterised by the proliferation of more precarious forms of employment (including platform work). Older workers, lower-skilled and low-income workers are a particularly vulnerable group in the face of a dual transition. While women are generally well prepared to embrace the changes required to manage digital and green transition, the risk of discriminatory practices (both old and new) remains a significant issue for this group. This includes, for example, discriminatory practices embedded in the structure of work management algorithms.

Research to date also suggests that where employees were involved, the introduction of modern technologies led to generally positive outcomes for the work team, including a change in tasks to be more complex and interesting for employees. This tended to involve upskilling and making themselves more attractive in the labour market, as well as improving working conditions or enhancing the work-life balance. The impact on the companies was also positive, including increased productivity, improved product or service quality and/or employee satisfaction. Employees can be involved indirectly (e.g. through trade unions that voice their concerns through collective bargaining or works councils that negotiate with the employer) or directly (e.g. through board representation, votes, or simply daily informal interactions with management). Nevertheless, there are significant differences in levels of employee involvement across countries, sectors, and company sizes. Also, collective action is particularly challenging in sectors most exposed to the (negative) effects of digitalisation (above all, platform work) and decarbonisation (especially in mining).

Despite these conclusions, current practices in the dual transition show that the involvement of the social partners is perceived as insufficient. This is due to the lack of a legal obligation at both national and EU level to involve the social partners in green and digital transition (and in this respect there are also differences between countries). Another constraint is also the insufficient capacity of trade unions and employers to meet the challenges of the dual transition. The latter relates to trade unions, which are facing declining membership and representativeness rates – partly due to the restructuring of highly unionised sectors into sectors with low (or no) unionisation). There is also a lack of sufficient support from the institutional environment in this regard, for example in the form of access to funding and capacity building opportunities for trade unions and employers' organisations. Strengthening the social partners is therefore of paramount importance to be able to shape policy at both national and EU level, as well as to involve workers in the implementation of green and digital practices at company level.

Recommendations for social dialogue

According to the authors of the report 'Unionisation and the twin transition. Good practices for collective action and employee engagement', the twin transition can carry the threat of increasing inequalities and labour market polarisation. It is therefore of the utmost importance to ensure a fair distribution of the benefits gained through digitalisation, as well as a just imposition of the new costs resulting from the twin transition. For example, while highly skilled mobile workers may benefit from digitalisation, workers with insufficient skills or employed in declining industries are increasingly at risk of precarious working conditions, redundancy, or exclusion from the labour market. The situation of the most vulnerable (especially low-skilled and older) workers must be a priority in the design of public policies. The authors of the report propose the following recommendations:

- intensify efforts to mitigate the negative impacts of digital transition (i.e. digital inclusion policies) and green transition (e.g. tackling fuel poverty) on vulnerable groups;

- implement legal mechanisms at European Union level to push underperforming Member States to improve the institutional conditions for social dialogue;

- intensify sectoral social dialogue at EU level and extend it beyond strictly sectoral policies – the idea is to break silos;

- consider the integration of social objectives (for example related to the labour market) into sectoral policies;

- addressing important policy gaps (such as the impact of AI on employment and the workplace) through sectoral and cross-sectoral agreements at EU level;

- improve vertical coordination between EU institutions and national social partners;

- provide more direct funding and support to social partners (in particular trade unions), including funding for research, training and expertise building, incentive schemes to develop innovative practices, good practice infrastructure and knowledge exchange, dialogue platforms on future-oriented topics;

- supporting trade union activities targeting workers, such as developing or sharing tools, practices and guidelines for successful transition or organising and funding training;

- conduct a detailed study on the state of implementation of the Framework Directive on Information and Consultation to identify key challenges and suggest improvements to the Directive and further actions;

- strengthen the right to information and consultation in transnational corporations by enhancing the access of EWC members to the justice system.