
PROJECT INFORMATION

Digitization and Work 4.0 – A new area for information, consultation and active involvement of Trade Unions and EWCs in the European ICT sector, referring on transferable best practices on the example of Deutsche Telekom (DigiT)

PREAMBLE

The digitization of the European economy and the associated strategies for increased productivity, greater competitiveness, growth in high-quality jobs and labor policy innovations is a mega-issue for industrial policy.

In 2015, the European Commission approved the European strategy for the Single Digital Market. Its focus: digital infrastructures for the digital economy (industry, services and public administration) and strengthening digital competencies among consumers.

The impact of the digital structural transformation on the labor and employment system is not discussed in the Commission's strategy. The digital workplace and innovative "Work 4.0" are not addressed, although substantial changes are expected – and indeed, are already underway – in this regard. Digitization will fundamentally change the current forms of European value creation, the labor market, existing forms of employment and the framework, contents and quality of work.

If employee interests are not to be bulldozed by this upheaval, employee representatives from trade unions and the companies must be given more information and greater involvement. In turn, this requires in-depth analyses, greater knowledge of the relationship between digitization and work and appropriate industry policy concepts and practices.

BACKGROUND AND CLASSIFICATION OF THE MEASURE

Industry 4.0, digitization, Internet of Things – the future of business involves many terms. What they all have in common is a technological foundation: a highly efficient, future-capable network infrastructure for processing huge amounts of data quickly and effectively. Industrial production methods are changing fundamentally. Although digitally controlled machines and robots have long been the standard in serial production, they've hardly been connected with one another yet. Industry 4.0 will change all this. According to analyst predictions, the "fourth industrial revolution" will add more than 80 billion euros to the German economy alone in the next ten years.

In connected production, machines will "communicate with each other" in future. They will exchange data autonomously and automate the control of how they work, making them more flexible. The data from the machines, sensors and actors will enable companies to improve their processes and/or adjust them at the right time. The products themselves will also be connected and will supply data about their condition, for example. As a result, service costs can be reduced and the analysis data can be used to continuously improve product quality.

The ICT sector is a key industry for this industrial transformation, providing an innovative push for the technology and growth model of the Digital Single Market. Deutsche Telekom, with its European network of subsidiaries and investment companies, is an important pioneer in this context for digitization and Industry 4.0: with a super-efficient data network; open, connected industrial platforms; integrated services and powerful cloud solutions.

Deutsche Telekom's declared goal is to become the "leading European telco". In its technology and growth strategy, the company is concentrating particularly on integrated IP networks, pan-European standardization and the cross-border concentration and centralization of services. The associated reorganization of the Group is already well-advanced.

The concerted push for digitization in business and society is affecting the ICT sector overall – and leading global companies such as Deutsche Telekom in this case – in two ways:

Firstly, it provides the complex, digital future technologies for innovations in production and services (Industry 4.0) to customers, creating the technological foundation to grow the economy and employment. This will strengthen the European manufacturing base in a highly competitive global environment. The impact of digitization on a system of work and employment that has grown organically over many decades is still largely unknown, however.

What we expect: the content of work will change, processes will be redesigned, strictly manual activities will become dispensable, new qualifications will be needed, "simple" jobs will be eliminated and new, knowledge-intensive jobs will be created. On the bottom line, a negative impact on jobs in the telecommunications sector is expected overall, paired with increasing qualification requirements.

Secondly, the "digitization strategy" is resulting in massive internal structural and systematic changes at companies (such as Deutsche Telekom). The Group can only meet its strategic medium-term target – of becoming the leading integrated European telecommunications service provider – if its internal structures are adapted to this purpose. This reorganization in central business and system change processes is currently underway throughout Europe and harbors both opportunities and risks for employees.

Among other things, the "digitization" business model affects:

- Jobs, work content and the way we work
- Headcount and qualification requirements
- The job-relevant organization of business functions and services
- Future personnel and work development along the European value chain

The German and European employee representatives face the challenge here of accompanying the employment-related and substantive work changes in the employees' interests, anticipating future potential and risks and playing an active role in shaping these changes through employee initiatives. Work 4.0 can only be achieved together with the employee representatives and employees. In the European Deutsche Telekom Group, with its cross-border links in the value chain, this demands systematic, coordinated cooperation between the national trade unions and the regional employee representatives in the European Works Council (EWC). For its part, the EWC utilizes the possibilities from the updated EWC agreement from 2016, particularly its rights to information and consultation – adapted to the current EU directive.

With its current 32 members (elected in November 2016), the EWC represents the interests of Deutsche Telekom employees in the European countries. In contrast to many other EWCs at multinational corporations, the Deutsche Telekom EWC already has an evaluated practice for intensified social dialog, with improved additional mechanisms for employee co-determination.

Since the number of measures with international significance has risen sharply in recent years, Deutsche Telekom and the EWC agreed in 2015 to test a new, more effective process for information and consultation of the EWC in a pilot project. One part of this pilot project involves establishing working groups to prepare meetings on complex topics, holding monthly TelePresence meetings of the extended board and providing information on EWC-relevant topics in writing at any time. This pilot project was evaluated several times in the course of 2015 and rated positively by all parties. The pilot officially ended with the conclusion of the new agreement between Deutsche Telekom AG and the EWC. This new agreement came into force on July 1, 2016 and regulates collaboration between the two organizations.

As such, the "Digitization and Work" project measure is also a practical model for the permanent adoption and long-term implementation of a coherent, efficient collaboration with the employee representatives in an intensified social dialog.

SUMMARY OF THE MEASURE

The project is an initiative by the European Works Council (EWC) of Deutsche Telekom in cooperation with **9 national** and European trade unions. The measure organizes a European cooperation network of company and union representatives to explore the guiding theme "Digitization and Work 4.0". It focuses on the following question: how can trade unions, European works councils and employees help to shape the transition to digital work and the digital economy?

The **participants** are 30 (32) EWC members from 14 (16) EU countries, UNI Europe and 8 national trade unions from AT, DE, HR, ES, HU, PL, RO, GR.

The measure combines two action and participation levels. In particular, it links the sector-specific information and strategy formation policy of the trade units operating at the national level with the European action approaches of European works councils, based on the Deutsche Telekom EWC as an example.

It broaches the issue **(1)** of the structural transformation in the European ICT sector and the change processes for work, qualification and employment resulting from digitization. It analyzes the risks and potential associated with digitization, including with regard to different structural and regional speeds. It supports the trade unions in collecting information and forming strategies with national and European perspectives.

The economic developments in the industry and the resulting structural labor changes **(2)** are referenced with regard to the current digitization strategies at the Deutsche Telekom Group, embedding them in company policy. As a leading European telco, Deutsche Telekom is an important pioneer for technologies, innovations and company strategies in the European ICT sector. The future model "Work 4.0" can be decisively shaped and brought forward here. The changes associated with digitization – pan-European network and centralized shared services, to name just two examples – for the evolution of work, qualifications and employment establish the framework for the pan-European representation of employee interests in the EWC.

The overall theme of the project is the accelerated digitization of information and communication technologies (industry context) and the resulting international system and structural changes in Deutsche Telekom's European business, technology and site network (company context). The project focuses on employee-side co-determination and on how sector and company policy will shape Work 4.0.

The project's work focuses on the strategic, employee-side examination of the labor policy challenges posed by "digitization" in the context of a European conception of "Work 4.0". The standards demanded here are analyzed and illustrated based on company policy objectives and the pan-European change processes from Deutsche Telekom's digitization strategy. This involves both the employment and qualification policy opportunities of this future technology and the significant short-term and long-term risks to employees at the European locations.

The project objective is to strengthen the EWC-specific and union competencies, to introduce the national and European employee representatives to the subject of "digitization and work 4.0", to familiarize them with the associated risks and opportunities and to define unique perspectives, proposals and positions. This will support the company and trade union representatives in anticipating the changes resulting from digitization and actively shaping the resulting standards for Work 4.0. The Deutsche Telekom EWC will develop transferable, practical company policies to this end. The foundation for it lies in the EWC agreement updated in 2016 and the application of the extended procedures for information and consultation described therein.

Events and topics

The project will involve **two European conferences** with all project stakeholders (kickoff meeting and transfer-closing conference) **and three thematic workshops**.

In the three staggered workshops, the project partners will examine the opportunities and risks of the digital workplace and develop design possibilities for a working world that benefits both employees and companies.

The key common question of all three workshops: how can trade unions, European works councils and employees help to shape the transition to digital work and the digital economy?

1. The workshop "Innovation and Work 4.0" will conduct analyses and assessments in the context of digitization, innovation, employment and work. To this end, all partners will prepare their own contributions and bring them to the table (ICT industry profiles and (country-specific) Telekom company map). A primary objective of this workshop is to elaborate the demands and expectations of employees for a labor-oriented shaping of innovation at the company.

2. The workshop "Employment and Work 4.0" will explore the question of how activities, staffing levels, personnel structures, jobs, qualifications and work content are changing and how this structural transformation of work must be shaped on the way to "Work 4.0". This will require European approaches and solutions that are closely linked with the European infrastructures of the industry at the company.

3. The workshop "Employee Involvement and Work 4.0" will focus on employee rights. The questions that will be examined here: how can existing rights and instruments for consultation, information and co-determination be utilized efficiently? And: will these rights have to be expanded and adapted in the digital economy? Providing proper answers to these questions will require knowledge and discussion of the current company strategies.

The three workshops will handle both **focal and interdisciplinary issues** in a consistent manner. The **focal issues** are derived from the structural changes in the ICT sector and – as an example – from Deutsche Telekom's digitization strategy. Starting with the technical challenges, the workshops will focus on the changes in value creation in combination with the impact on work content, qualifications and employment policy.

Interdisciplinary issues include strengthening the European and national employee representatives through the acquisition of knowledge and strategic competencies, enabling them

to respond to these changes and explore their information and co-determination opportunities to the fullest. These issues are being developed for the Deutsche Telekom EWC as an example for other companies. The central platform for European employee action is the EWC agreement revised in 2016. The co-determination rights described there – particularly the rules for information and consultation – will be detailed and applied for each workshop topic.

The main results of the measure are:

- (1)** More information, better knowledge and strategies for trade union and company representatives to deal with the impact of digitization on the evolution of work, qualification and employment that are coordinated throughout Europe.
- (2)** The development of a European charter on "Digitization and Work 4.0" with guidelines for labor and employment policy standards under Work 4.0 in the ICT sector.
- (3)** The development of a strategic "One Telekom" EWC agenda for the European representation of employee interests and to shape the labor policies related to "Work 4.0" at Deutsche Telekom

The "Digitization and Work 4.0" project fulfills five objectives:

1. Improving the information, knowledge and skills of the company and trade union employee representatives about the opportunities and risks of digitization in the ICT sector **and** based on the example of Deutsche Telekom.
2. Interpretation, implementation and evaluation of the Deutsche Telekom EWC agreement updated in 2016 with regard to the consultation, information and involvement of the employee representatives in system and change processes affected by "Digitization and Work 4.0".
3. The development and distribution of a European charter on "Digitization and Work 4.0" with shared priorities for labor and employment policy standards under Work 4.0 in the ICT sector.
4. Development of a "One Telekom" EWC agenda with guidelines and priorities for systematic, sustained EWC practices in the pan-European Deutsche Telekom Group and beyond.
5. Increase in international collaboration of trade union and company representatives, intensification of EWC practice and promotion of a coherent, labor-oriented representation platform in the European framework.

Overview of project events: format and timelineStart: **Dec. 1, 2017** End: **Sep. 30, 2019** Duration: **22 months**

<i>Type of event</i>	<i>Participants</i>	<i>Country</i>	<i>Approx. period</i>	<i>Number</i>
Steering committee 1st meeting	6	Germany (Berlin)	02 / 2018	1
Kickoff meeting (after regular EWC meeting)	42	Germany (Bonn)	03 / 2018	2
Steering committee 2nd meeting	6	Hungary (Budapest)	04 / 2018	3
Workshop 1 Innovation and Work 4.0	18	Austria (Wien)	06 / 2018	4
Workshop 2 Employment and Work 4.0	18	Croatia (Zagreb)	10 / 2018	5
Workshop 3 Employee Involvement and Work 4.0	18	Greece (Athen)	01 / 2019	6
Steering committee 3rd meeting	6	Romania (Bukarest)	03 / 2019	7
Transfer and closing conference	46	Spain (Barcelona)	05 / 2019	8
Steering committee 4th meeting	6	Poland (Warschau)	06 / 2019	9