



# THE IMPACT OF COVID-19 ON DIGITALISATION IN OUR SECTORS

INDUSTRIAL EUROPE WEBINAR

THE CZECH REPUBLIC, THE SLOVAK REPUBLIC,  
AUSTRIA, BELGIUM AND THE NETHERLANDS

09/02/2021

"DIGITALISATION 2.0. – ASSESSING THE IMPACT OF  
COVID-19 ON THE DIGITAL TRANSFORMATION IN  
THE EUROPEAN INDUSTRY"

# #1

## DIGITALIZATION AT DIFFERENT SPEED?

# WILL THE CRISIS PROVIDE AN IMPETUS TO DIGITALIZATION IN THE SHORT OR MEDIUM TERM?

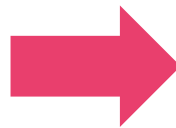
**Digitalization – a factor of resilience during pandemic crisis?**

A company with digital tools => more reactive to sanitary constraints

A very automated factory  
=> more adapted to continue operations

It is very rare that a factory is 100% automated and fully controllable remotely

*Therefore, is the crisis favoring the acceleration of the digitalization in industry?*



Factories are more resilient if digitalized and automated, both in terms of sanitary restrictions and in terms of response to the challenge of industrial relocation to limit the fragility of international supply chains.

A significant limit : lack of cash during the crisis.  
The Return On Investment (ROI) depends also on the cost of labour.

Is telework an short-term alternative or a long-term solution?

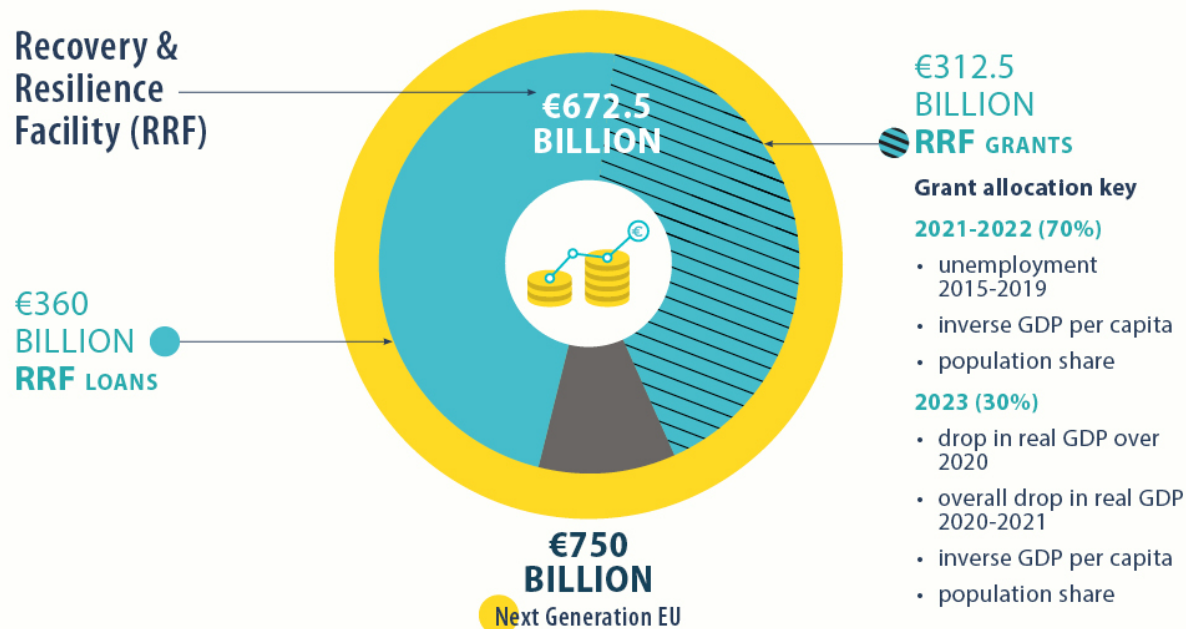
The health and economic crisis threatens to **distract funds from digitalization** in capital intensive sectors such as industry

- IMF estimated GDP contracted by 7 pp in Europe in 2020 due to COVID-19

# A NEW OPPORTUNITY FOR THE INDUSTRY IN THE MEDIUM TERM: THE NEXT GENERATION EU FUNDS

- In July 2020, EU leaders agreed on EU's extraordinary recovery effort, Next Generation EU (NGEU): €750 billion plan
- On 18 December 2020, the Council and the Parliament reached a provisional agreement on the Recovery and Resilience Facility (RRF) of €672.5 billion

## How much money?



# A DECLARED WILLINGNESS TO PROMOTE DIGITAL TRANSFORMATION THROUGH THE EU FUNDS : A DIGITIZATION OF THE EUROPEAN INDUSTRY?

## How will the money be used?

Funds disbursed to member states are based on **national recovery and resilience plans**, which include reforms and public investment projects. Plans must:



### align with EU priorities

boost **growth, job creation** and economic & social **resilience**



### support the green transition

at least **37%** of resources contribute climate action and environmental sustainability



### reflect country-specific challenges

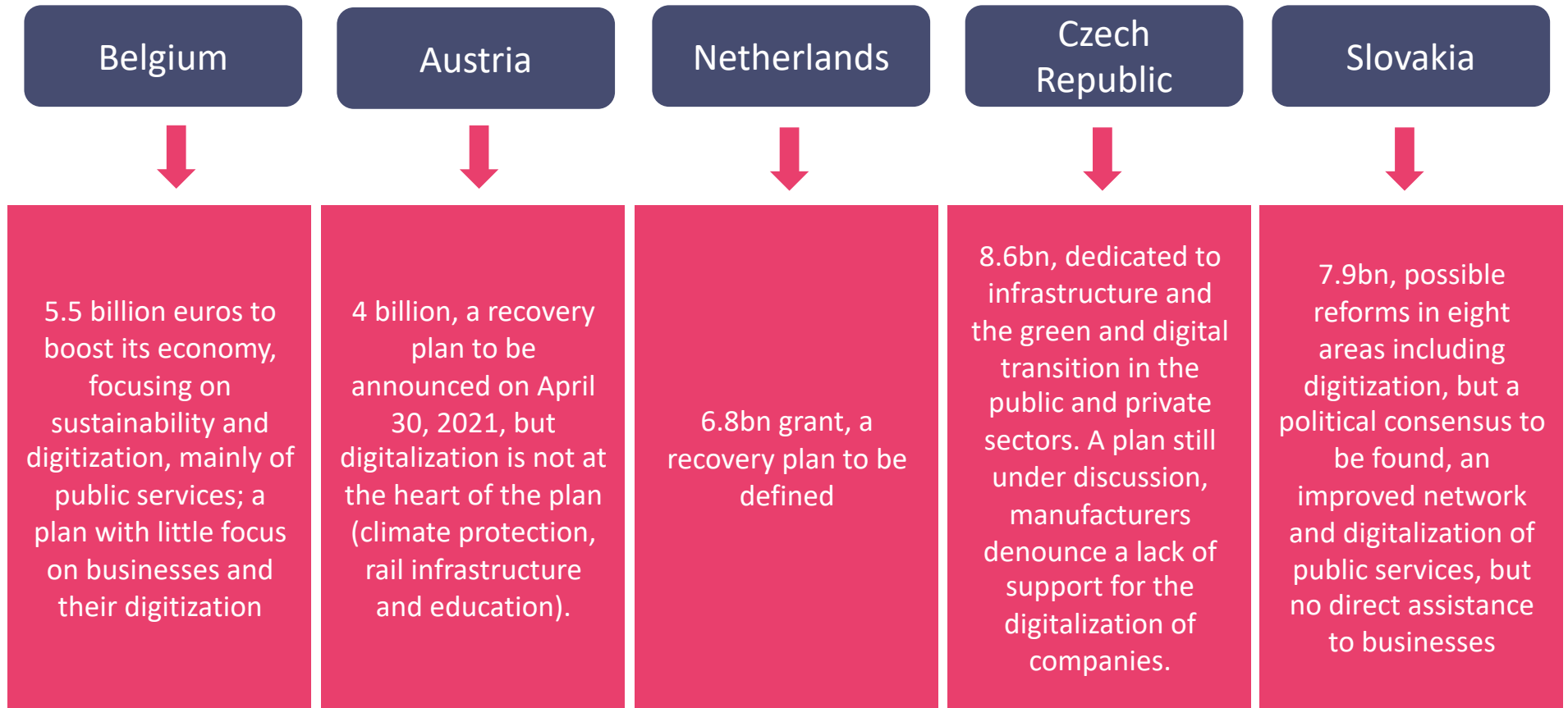
in line with **European Semester** country-specific recommendations



### foster digital transformation

at least **20%** of resources contribute to the EU's digital transition

## NATIONAL PLANS STILL IN DISCUSSION, BUT IT DOESN'T SEEM TO BE THE PRIORITY

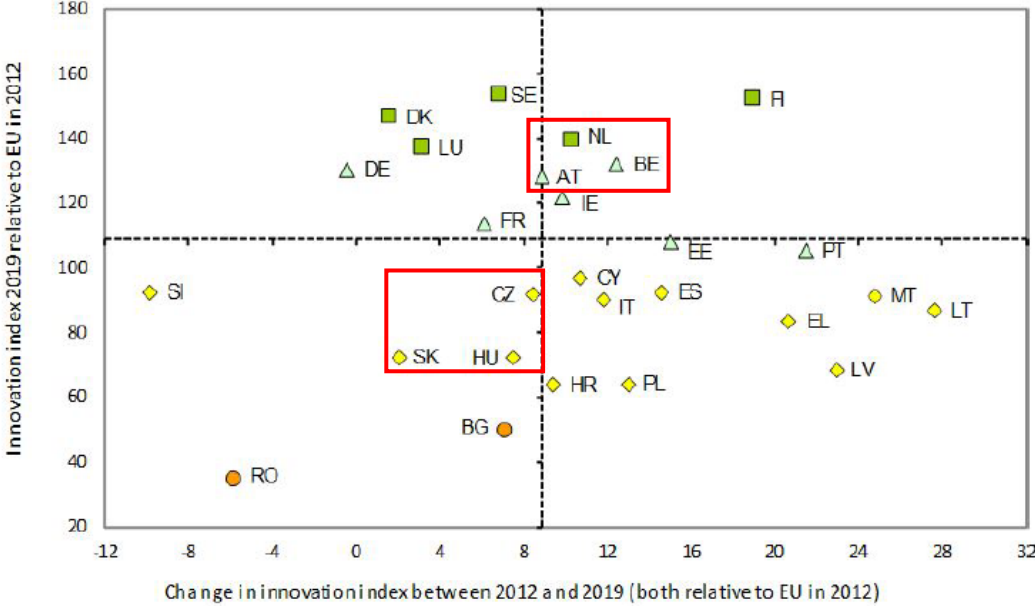


**What are the actions and resources of trade unions to influence the definition of recovery plans ?**

**In case of direct support to companies, how to obtain guarantees for maintaining employment and for the right of employees to be informed and consulted within the framework of digitization projects ?**

# INNOVATION AT DIFFERENT SPEED: WIDENING THE GAP?

**Figure 2: Change in Member States' innovation performance since 2012**

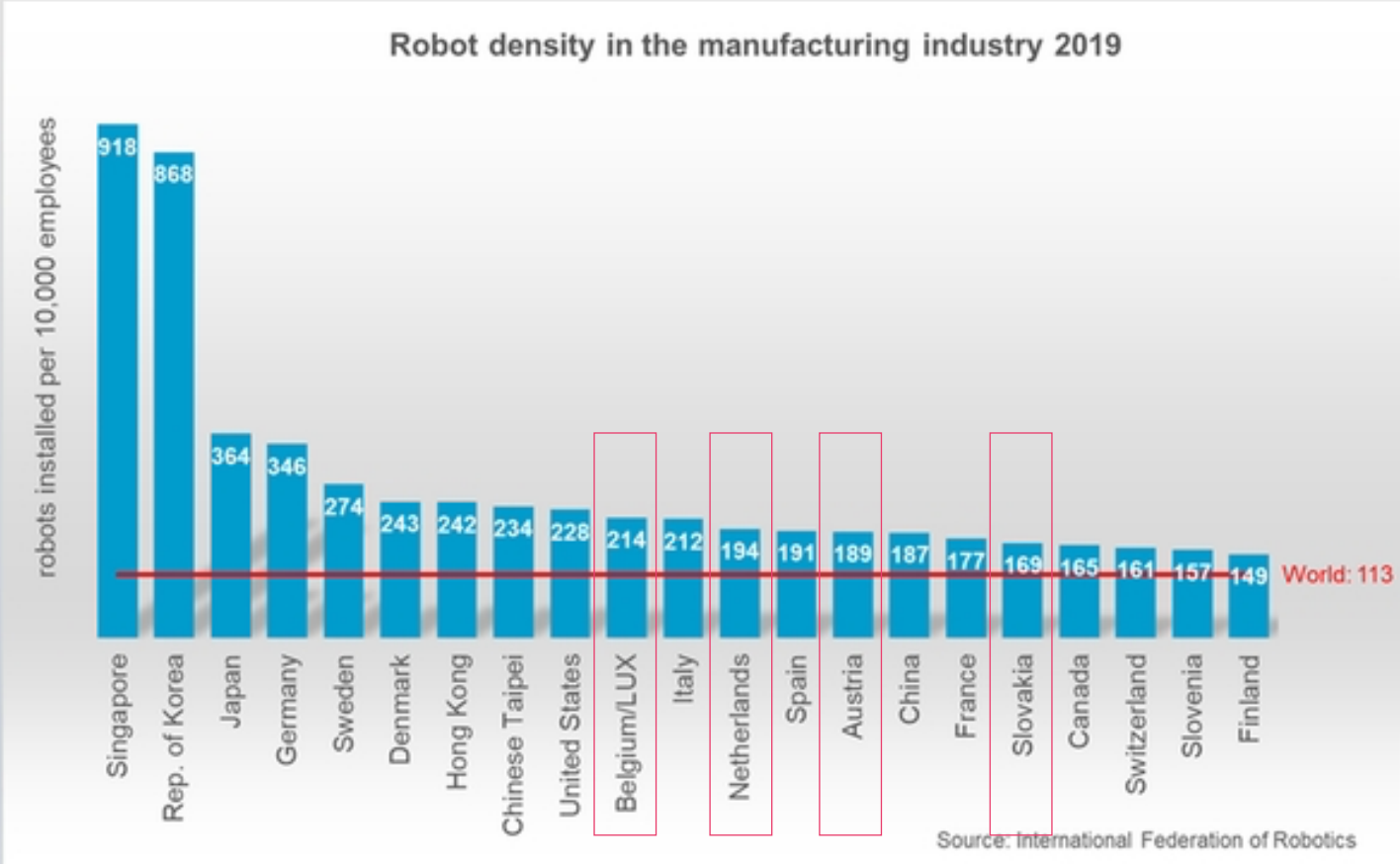


The vertical axis shows Member States' performance in 2019 relative to that of the EU in 2012. The horizontal axis shows the change in performance between 2012 and 2019 relative to that of the EU in 2012. The dashed lines show the respective scores for the EU.

Source: European Commission, European Innovation Scoreboard 2020



# ROBOTIZATION : AN ISSUE FOR EASTERN COUNTRIES?



Czech Republic : 101





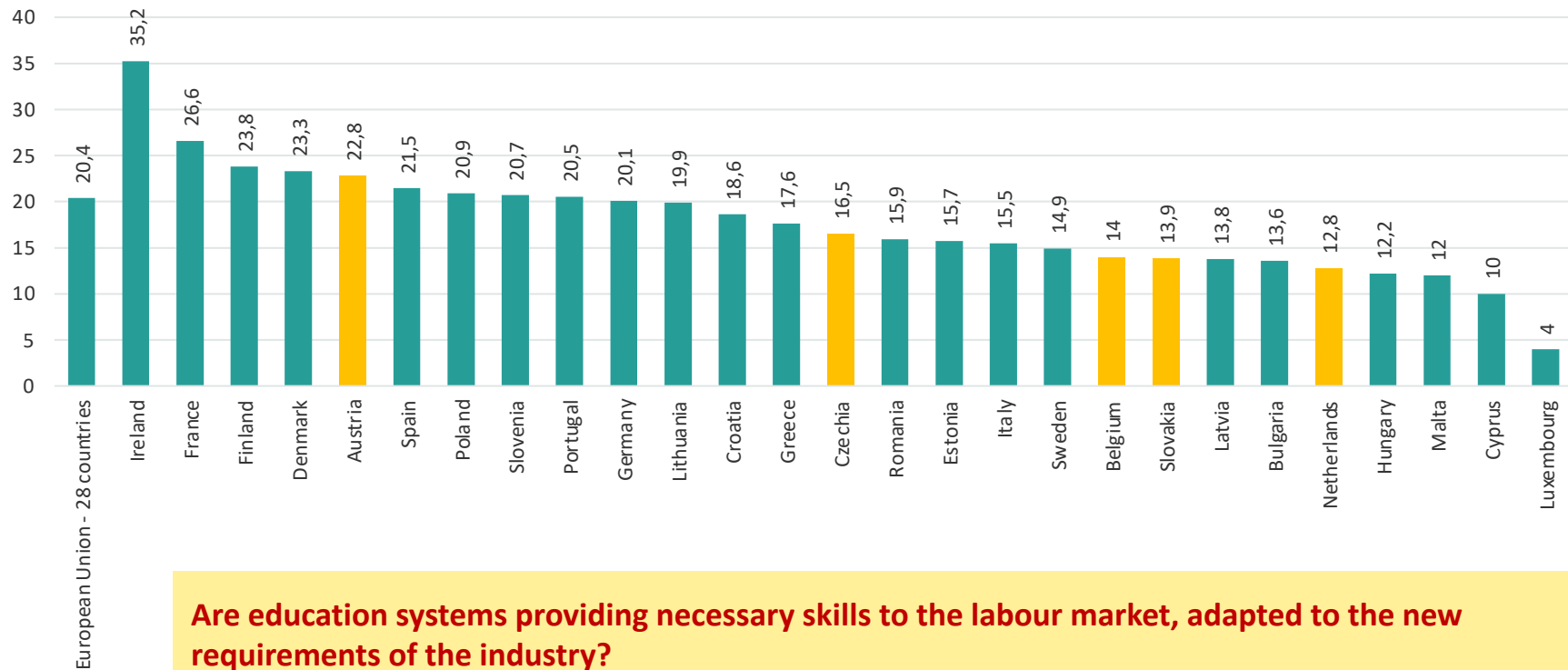
# CHEAP LABOUR FORCE, AN OBSTACLE TOWARDS DIGITALIZATION?

## WESTERN EU COUNTRIES V. EASTERN EU COUNTRIES

- Wage increases in industry should stimulate the adoption of digital and robotic solutions.
  - **The COVID-19 has had a negative impact on collective bargaining and wage increases and therefore indirectly has halted incentives for digital investments.**
- ▶ **The example of Czech Republic:**
  - ▶ The country differs from other European countries by its low unemployment rate of around 2% of the working population.
  - ▶ Czech Republic was 18th out of 28 EU countries in terms of digital maturity, according to the Digital Economy and Society Index (DESI).
  - ▶ But there are contrasts in this score: E-commerce is at a very high level, while the level of cloud computing type infrastructures is still low.
  - ▶ With some exceptions like Bosch Diesel, Siemens, Skoda, ..., the digitisation process is still in its emerging phase which can be explained by the low wages company policies
  - ▶ Decrease of wages in 2020: -0.4% of nominal wages and -3.6% of real wages in metal sector

# ARE EDUCATION SYSTEMS PROVIDING NECESSARY SKILLS?

Graduates in tertiary education, in science, math., computing, engineering, manufacturing, construction (2018)



**Are education systems providing necessary skills to the labour market, adapted to the new requirements of the industry?**

**What is the union involvement in the development of the national education systems?**

**What is the union position towards the adaptation of education and training systems to the new requirements of the labour market, in terms of new technologies, digitalization, robotisation?**

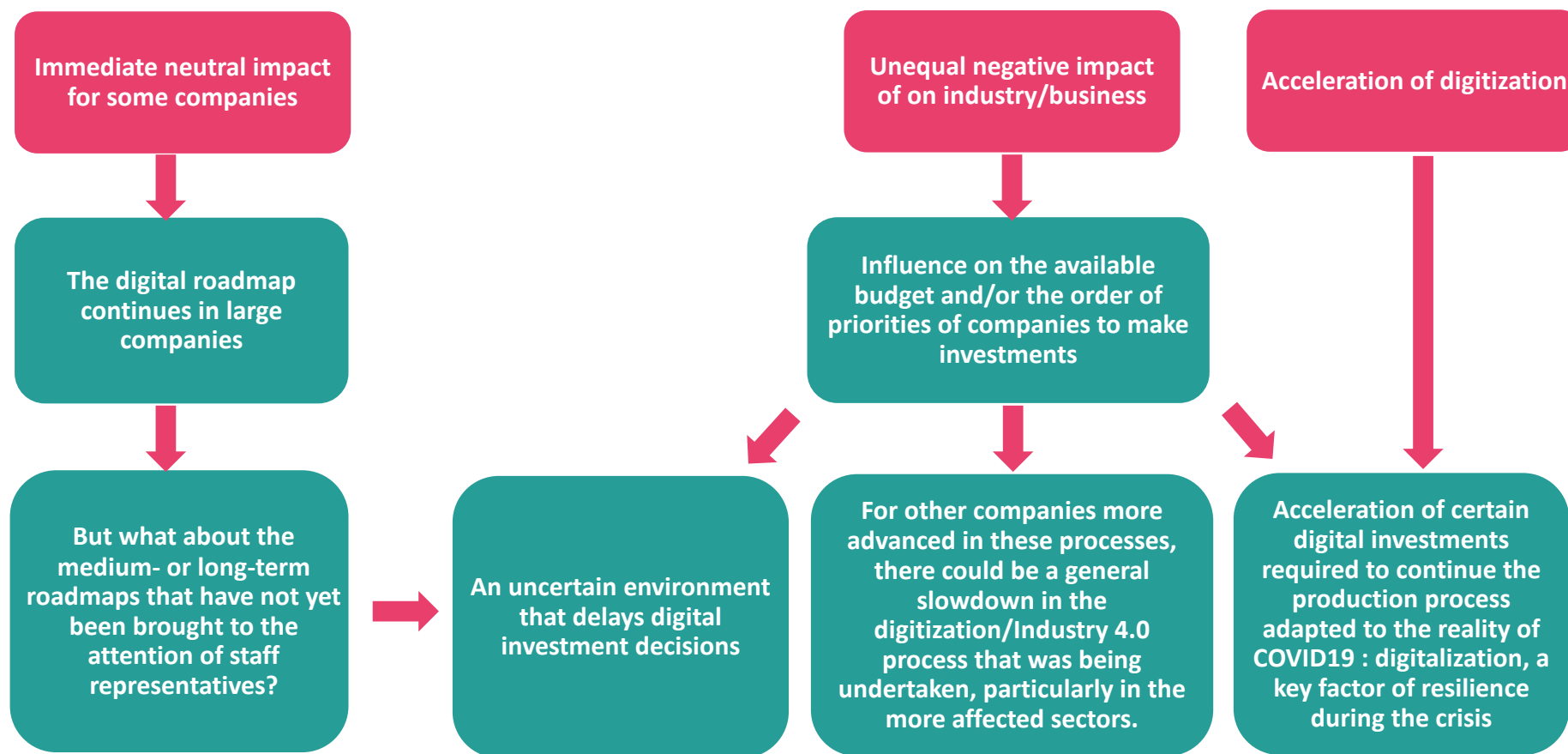


# #2

# SURVEY



# A NEGATIVE IMPACT ON THE ECONOMY, ALTHOUGH UNEVEN ACROSS SECTORS/COMPANIES, WHICH PARTIALLY AFFECTS INVESTMENT IN DIGITIZATION



Question : what trend do you see in your sectors ? Do you have such a visibility ?

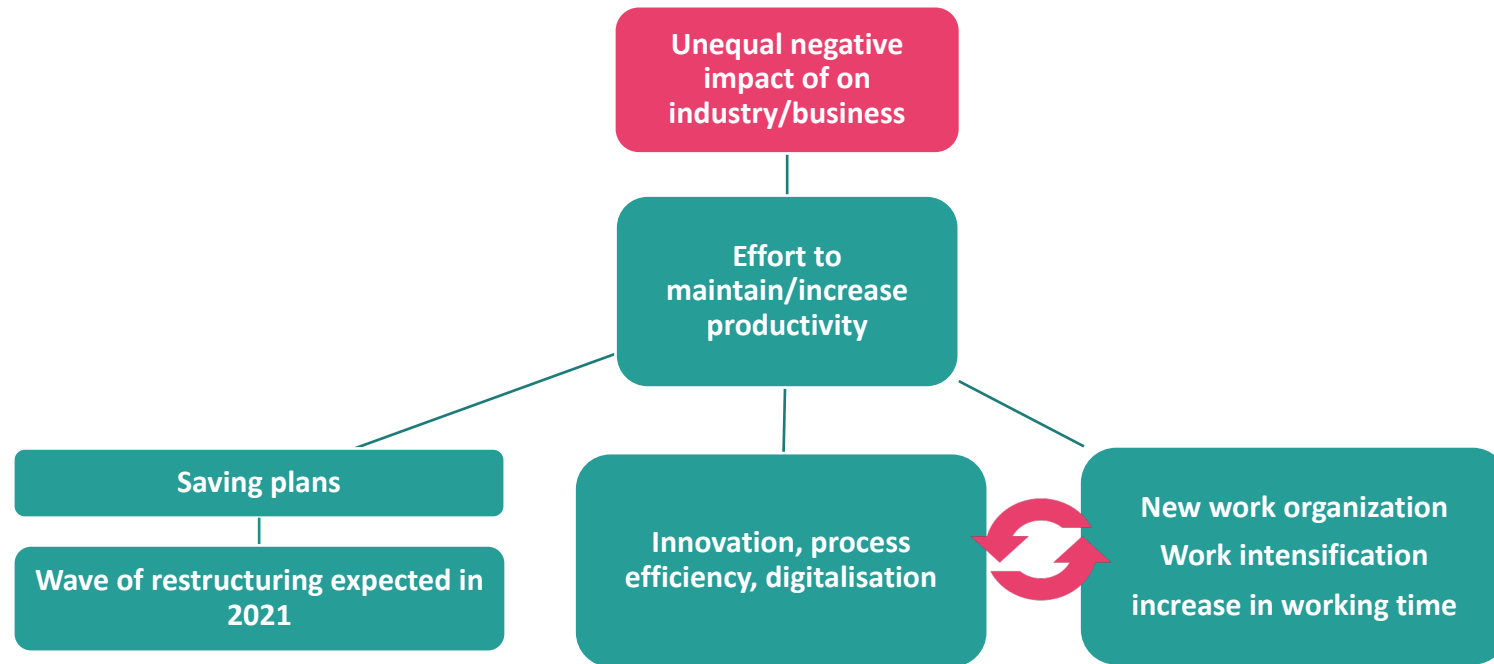
# COVID19 CRISIS & DIGITALISATION : THE EFFECTS

## Productivity

*Expected economic effects of digitization before and after the pandemic are identical or even amplified:*

- Productivity, a fundamental vector of recovery
- Digitalisation, at the centre of the productivity objective
- Heterogeneous impact of digital investments depending on countries, industries, companies. Still high degree of uncertainty.

# THE INCREASE IN PRODUCTIVITY, THE MAIN VECTOR OF RECOVERY FOR COMPANIES, CAN LEAD TO RISKS FOR EMPLOYEES IN TERMS OF EMPLOYMENT AND WORKING CONDITIONS



To compensate for the losses resulting from the crisis, companies are undertaking, in addition to major cost-cutting plans, efforts to maintain or even increase productivity, which is often under pressure from workers - work intensification, working hours, etc. - increasingly facilitated by digital technologies.

→ *teleworking*

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## Working conditions

*Improvements through certain digital projects, but concerns that persist and even increase with teleworking.*

- Some **benefits** identified such as flexibility and conciliation
- But **concerns** about work intensification
- "Social Panoptic": self-pressure to prove the validity of the employee
- Isolation
- Total availability of the employee, lack of disconnection
- Assessment and control by the company
- Continued **pressure** on working time for productivity gains

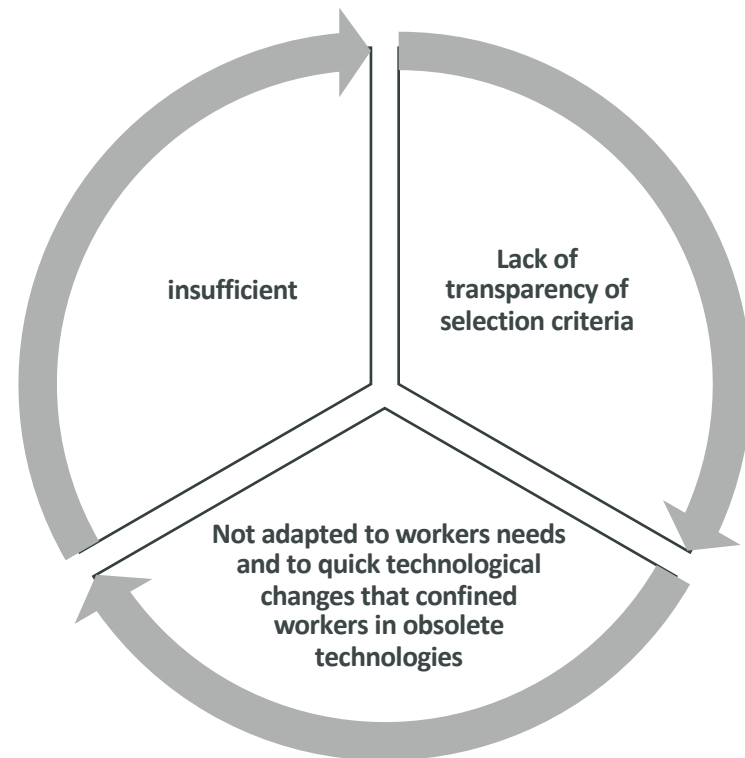
# VOCATIONAL TRAINING IS STILL NOT FIT FOR PURPOSE IN MANY COUNTRIES

Training remains the big outstanding task. It is likely to be impacted by the economic crisis, which in turn will have an impact on the potential medium-term development of companies. This risks deepening the polarisation of the labour market in terms of skills and thus excluding many people from tomorrow's labour market.

The Covid crisis has led to a process:

- ▶ Adaptation of training courses to the **e-learning format**
- ▶ Recourse to training by some companies **during less economically active periods**

However, in almost all cases the training issues that existed prior to the COVID crisis still go on.





# CHALLENGES

## CASE STUDY: CZECH REPUBLIC

- ▶ The current systems proposes a **few months** training only to workers whose profile merited long-term retraining
- ▶ Current retraining offers seem to be detached from current or **unrealistic** changes (computer training for miners).
- ▶ On the other side, company programmes are also limited in terms of impact because they are not **transferable**: they are too specific, which is why an effective public policy is still awaited.

## CASE STUDY: BELGIUM

- ▶ COVID: Since vocational training is conducted during usual working hours considered as working time to be paid for by the employer, some employers used temporary unemployment periods to send workers on training. This technique has a significant cost on the social security system, which pays wages on behalf of enterprises throughout the training period.

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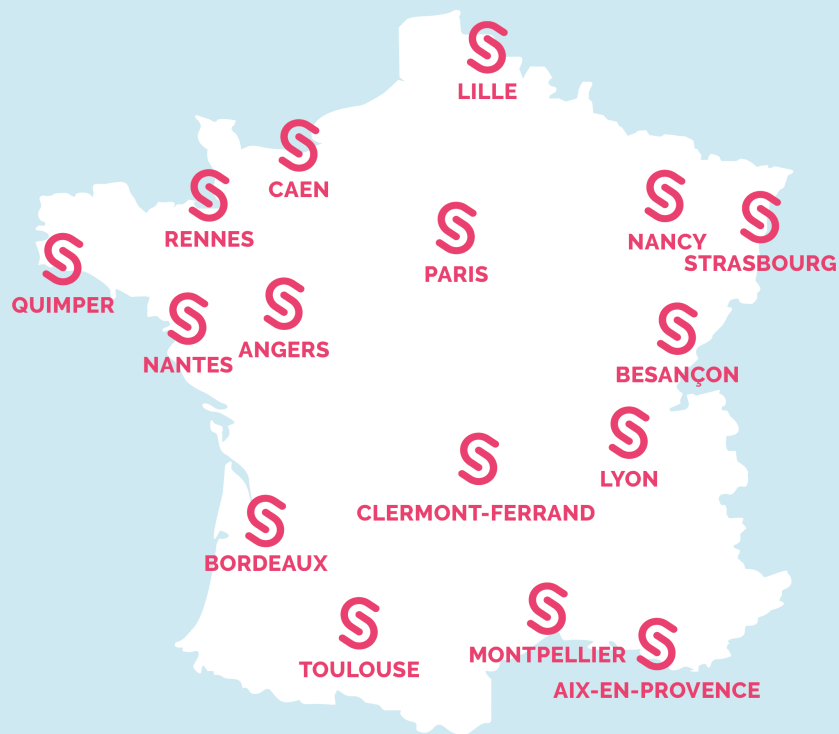
## Training and qualification

- Development of **e-learning** with the crisis
- Training issues that existed prior to the crisis persist and could become more acute with the financial limitations resulting from the crisis.
- lack of adequate training will increase the polarisation of the labour market in terms of skills/qualifications.
- **A priority for trade unions?**

## Social Dialogue 4.0

Despite physical limitations and the need to adapt to new forms/tools, social dialogue has been dynamic in some countries. How can this dynamism be maintained in the future? How can we learn from each other?

**Question : what was the quality of social dialogue during the crisis, compared to before the crisis, at national level and in companies ? will this have an impact on the post-crisis period?**



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