European Social Partners joint statement on Digital Transformation in workplaces of the European Furniture Industry

1. Introduction

The European Furniture Industries Confederation and the European Federation of Building and Woodworkers, the recognized European social partner organisations for the Furniture sector hereby issue their joint recommendations on how to anticipate, design, implement and manage industrial change driven by the increasing use of digital tools, materials, processes, the digitisation of analogue data and digitally based communication at all levels. Social Partners recognise that a revolutionary process is on-going, in which digitalisation plays an important role. People are exposed to new input every day and many areas are affected, some of which are addressed in this Joint statement. The impact of digitalisation on the Furniture Industry will be far-reaching and will the entire value chain. The process will affect the everyday work of every trade and profession.

Today, digitalisation plays an important role in many EU policy areas, such as education, industry policy or the circular economy and is considered as one of the key factors for the future of a competitive European industry. The European Commission pays strong attention to digitalisation in its various sectorial industry strategies. Vice-President Margarethe Vestager, announced *'Digitisation has enormous potential to make our lives better, but to unlock that potential we need the right rules, in order to give people confidence in the digital transformation. A good industrial strategy also makes Europe fit for the digital age'*. This statement clearly underlines the reciprocity and the interrelation between high quality traditional industries and their capacity for innovation and successful transformation towards digitalisation, including the conceptualisation, design, implementation and adaptation of digital technology.

In this respect, Social Partners consider digitalisation as vital for the future strengthening of the European industrial basis in general and the European Furniture sector in particular. Given the strong international competition that the furniture sector is facing, coherent EU legislation is needed to support and strengthen the European furniture industries' well-established image and tradition, their innovative capacity and competitiveness on the EU and international market. As such, Social Partners look forward to a set of initiatives under the EU term 2019-2024, such as the Circular Economy Action Plan, a long-term industrial policy, the SME's strategy, the Skills Agenda or the new strategy on Occupational Health and Safety, all being affected by digitalisation as a horizontal element. Social Partners welcome the initiatives of the Industry4Europe coalition and the Joint Paper[1] on the long-term industrial policy of the EU issued in November 2019, as well as the Forest-Based Industries Vision 2050[2] presented at the Raw Materials Week in 2019, touching upon the opportunities that digitalisation will bring in terms of higher efficiency, sustainability, more attractive places to work with improved safety and ergonomics.

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[1] https://www.industry4europe.eu/assets/Uploads/Publications/Industry4Europe_Joint-Paper_November-2019.pdf

[2] https://9e2160bf-a0b5-460b-aec7-e9af818978ee.filesusr.com/ugd/a1d93b_4300029aecb24771b4ee8874620a03a7.pdf

2. Areas affected by digitalisation

a) Transition to a European Green Economy

Digitalisation has the potential to greatly help in ensuring a better coverage of workers' and consumers' safety. For instance, tracking information on substances of concern is a major issue that should be supported by new tools. The results could benefit different stakeholders, for example the manufacturers of articles, allowing them to be informed about the substances of concern used along their supply chain or consumers, who will have better access to the necessary circularity details of the products they purchase. Furthermore, the waste management sector is likely to be positively affected by an increasing digitalisation. The lack of information on substances of concern in articles from suppliers and the lack of tools for the traceability of chemicals undermines the future treatment of materials and waste disposal. In this sense, digitalisation could facilitate the sector, including when it comes to the implementation of harmonised Extended Producer Responsibility schemes at EU level, which the furniture industry would greatly benefit of.

b) Technic Design

Every practical change starts with the basic design of new technologies and its various applications. This concerns the proper technical functions of the systems, their technical manageability in practical use, their ergonomic conditions and their adaptability to existing processes, meaning hardware and software. One of the main challenges for the Furniture sector in this respect is to facilitate a fruitful connection between the subsystems involved in the process, namely the designers of basic technology and of specific applications with practitioners from the furniture sector.

Acknowledging this interrelation between the subsystems involved in the process of digitalisation, the European Social Partners call on policy makers, scientists, technical institutes and producers of relevant hard and software products to provide and foster communication clusters for the various areas of digitalisation in the furniture value chain and subsectors of the industry. Social Partners propose to establish such communication cluster under the title "Platform for Social Technic Design" under the umbrella of the EP or the EESC.

c) Effects on Processes

Already today, furniture components are not only handled in analogue processes. Computer aided design, computer numeric controlled machinery or digitised logistic processes, as well as the interface to clients are all based on digitalisation. However, in the near future, the ordering and scheduling of materials – interactions with suppliers , storage facilities, and other players of the production chain – will take place on digital, contract-independent collaboration platforms that have access to central databases and are supported by technologies such as robotics.

The organisation of the working process is becoming a central question. Is there a tendency to see automatisation as a series of compartmentalised, predefined implementation processes in which workers are no longer required to have an understanding of the whole, as a result of which such work will slowly be taken over by less-qualified and poorer paid individuals? Or will it be organised on the basis of teamwork in functionally flexible organisations in which workers with different qualifications and skills work together in teams and having an influence on changes in the work organisation?

Technology does not necessarily need to drive this process – but it provides the flexible context that Social Partners and companies can actively shape together.

d) Work Organisation

Changes in the organisation of production processes directly influence work organisation. Conditions of the work environment can be affected, communication processes between company units and the outsourcing or insourcing of specific (new) functions could be a direct effect. The work division between units and individuals and the specific tasks of workers could change, as well as the specific order of tasks.

In this regard, cooperation among Social Partners at company level is important. The work organisation needs to be redesigned in order to anticipate changes, to provide ambitious work tasks for all workers and to arrange processes of change and to design work processes and specific tasks that are functional and effective.

Changes in the work environment can also entail new hazards. These changes require research aiming at better forecasting new emerging risks and at guiding practitioners at company level to adapt their risk assessments accordingly.

e) Skills

As pointed out in different paragraphs of this paper, digitalisation will affect the needed skills at all levels of work. All kind of skills are touched: organisational skills, communication skills, logic skills and practical skills. How these skills and competences are developing depends on the design of the technology, the programming of tools machines and processes, the organisation of processes and the work organisations, to name just the most important aspects. All these fall under the responsibility of specific specialists or functions but, for successful innovation processes, it becomes more and more important to arrange communication and joint laboratories to reflect on scenarios and to try concepts.

Digitalisation must not be allowed to become the exclusive competence of IT-experts and graduates. Due to the speed of developments, 'on-the-job training' will become an important subject. This will create new demands on education but will also require a new approach from companies. Life-long and, hence, on-the-job learning will become a fundamental aspect of our lives.

Social Partners need to bring together the companies' experience and the training institutes' experience, the knowledge of technic designers and of pedagogues to adopt existing occupational profiles or to create, where necessary, new occupational profiles.

Gaining new skills and competences is beneficial for employees. Innovation has always resulted in the need to learn new skills, technics and habits. This might look like a threat, but many opportunities are ahead for workers. On the other hand low-skilled workers are at risk, therefore Social Partners must focus on upgrading workers at all levels and pay attention to provide group specific access to training opportunities, either at company level or in training centres.

f) Labour market

It is foreseeable that the number of jobs for unskilled workers will decline or that these will be taken by cheap labour from other regions. More generally, digitalisation is expected to lead to the

globalisation of many processes relevant to the furniture industry, or at least make these processes much less location-specific.

However, digitalization and related future developments can also provide opportunities to create new jobs and to maintain existing jobs. If Social Partners do not actively look into the opportunities of digitalization, the risk of becoming less competitive will become higher.

Furthermore, Social Partners have to acknowledge that the labour market will also change demographically. For example, the growing life expectancy will result into an ageing workforce. More women will occupy managerial roles in our companies and attracting young people to the sector will become more and difficult. Social Partners would like to stress that this is an opportunity. A broad bundle of measures should be introduced – image campaigns that sell construction work as a high-tech occupation, concrete education and training, mobility support programmes and targeted international publicity – designed to present the construction industry as one that offers a range of attractive career models. Target groups of such campaigns are young people in general but also women.

g) Business models

The European Social Partners consider the process of innovation and digitalisation as a leverage for increasing productivity, higher flexibility in production processes and products and consequently as a tool to increase the competitiveness of the European Furniture sector. These innovation processes are not necessarily changing our business models fundamentally but they contribute to the strength of our actual models. However, the advanced use of digital based technology will provide opportunities to change the European business models in various aspects:

- It can increase the overall sustainability of European production processes but also of the goods that are produced.
- It will profoundly affect the resource efficiency of European production.
- It can provide tools to support the monitoring of the value chain in accordance with social, environmental and legal provisions.
- It can significantly transform the relation between companies and clients from the early beginning of the purchasing process and the design of goods.
- It will be a tool to develop new forms of cooperation between companies and between stakeholders and will also facilitate the direct participation of the workforce in all aspect of the production planning.

3. Participation

Digitalisation can pave the way to better participation at all levels when it comes to the planning of products or production processes. The entire spectrum of specialists in all relevant disciplines and levels should be involved – from the expert in the field of design, sales and purchasing departments, logistics, productions lines, maintenance and the practically experienced worker. Only such integration will make it possible to leverage the potential of digitalisation for successful building projects. The objective of this development is yet to be defined in detail. But this is the major opportunity: Digitalisation is a collaborative process for finding solutions in which workers should directly participate. Companies and trade unions should work together actively to this end and discuss, as equal partners, the upcoming new demands on companies and their workers.

4. The role of the European Social Dialogue & Social Partners commitment

Social Dialogue at all levels, namely European, national and company level can play an important role in the process of digitalization. Its role partly overlaps with policy makers but has a genuine individual role too. At European level, Social Partners can and should contribute to the Commissions' initiatives on industry policy, Skills policies or other initiatives linked to digitalisation.

Furthermore, Social Partners at European, national and sectoral level can play a guiding role for practitioners on company level. They can provide framework or collective agreements dealing with many different aspects like

- the design of qualification measures
- guidance for the implementation of new technologies
- how to deal with new emerging risks
- concepts for the active participation of workers
- the use of data and data protection
- agreements on working conditions for crowd worker, work at home and other type of flexible working conditions

A serious, committed social partnership could be revamped by the digitalisation of the Furniture industry. One future focus of the social dialogue could be the joint design of a new work environment, which can offer new, better working conditions, a progressive work organisation and up to date skills and competences, also offering better pathways to further training, benefitting both companies and workers. Each side should use digitalisation as an opportunity to reinvent politics in the social arena.

In this context, Social Partners have the intention to focus our future joint action on the following aspects:

- Social Partners ask European Institutions to study, evaluate and influence cross border effects of digitalisation on the various aspects of the Wood-working and Furniture sector's economic activity.
- Restructuring and retraining measures and a range of other safety nets, financial and otherwise, are needed in order to soften the blows caused by transformations of our subsectors, trades and professions.
- A digitalisation offensive for micro and small enterprises, craftspeople and specialized professions in all European regions.
- Arranging, in the framework of the European Social Dialogue structures and in collaboration with the European Commission, a workshop/workshops based on the principles of social partnership and organised together with companies of every size and type, that will address every aspect of digitalisation and automation in the furniture sectors.
- Mapping good practices for those areas described above to facilitate the process of changes in companies and to provide information and orientation for social partner on company at national levels.
- Collaborate with other stakeholder at the European level, including policy makers and science.

5. How can EU institutions support Social Dialogue

Taking into account the prominent role industrial relations and more specific the institutionalized social dialogue plays in the European Treaty, the European Commission must involve the concerned

social dialogues in its policy developments and in the design of related actions. In this respect, the ongoing process of digitalisation in our sectors touch a number of European policy areas, such as industry policies, new skills, the Horizon programme or future occupational risks. Social Partners expect from the European policy makers to join forces at the domestic, European and international levels because the effects of digitalisation.

- Ambitious research on progressive forms of work organization.
- A professional programme for social technic design.
- Legal backing of the process.
- Sector specific strategies and platforms.
- Science: The drawing up of an international research plan on procurement, value chains, the manufacturing processes, design concepts or skills needs and training approaches are requested for our sector.
- Access to data and, as a flip side of this particular coin, its privacy.

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