

## Modern social dialogue must include workers

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“Everything is changing and this is the essence of the discussion about the future of construction, which will be determined by digitalization.” With these words, Werner Buelen from the European Federation of Building and Woodworkers (EFBWW) started his presentation during the first virtual seminar for capacity development for better engaging in social dialogue under the SuSodCo project, organized jointly with the Bulgarian Construction Chamber (BCC). The event was attended by representatives of employers' organizations and trade unions from the EU.



Buelen illustrated the main aspects of the digitalization process in the construction sector, emphasizing the role of social partners. “When digitalization of our sector is mentioned, there is still lingering skepticism due to uncertainty when introducing something new and the threat of people being replaced with robots. However, in our capacity as representatives of both employers and workers, we should adopt a more pragmatic outlook. Digitization is a fact. It will inevitably “take over” the construction sector as well and we must evaluate all the challenges and opportunities that will result. It requires a new way of thinking,” said Werner Buelen. According to him, construction is a traditional sector, therefore new technologies will be introduced at a much faster pace, and in 10 years the industry will be completely changed as a concept and model.

That is why social partners must anticipate the changes and support the sector in the process of its transformation and adjustment.

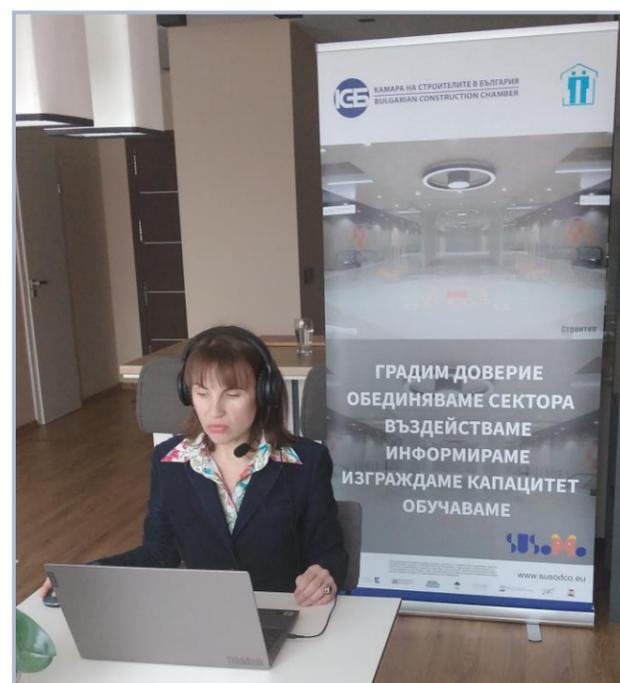
### What are the main characteristics of the digital construction sector?

“The construction site will become increasingly digitalized. The design, implementation and operation of the sites, in fact, the entire construction cycle will be monitored digitally. Documentation on paper, such as plans, drawings, budgets, etc. will gradually disappear,” Buelen said. He pointed out that digitalization has another important aspect for this sector which currently uses human capital intensively rather than data. For example, new methods of controlling working hours and drones for 24-hour monitoring of the construction site will undoubtedly have an impact on the personal space of workers, including a negative effect. Which is why, according to Buelen, the social partners must find a way to incorporate the views of those working on the new “digital” sites. He pointed out that reality cannot be programmed so easily. “For large construction sites, digital plans are already being used to show how workers and products need to move in order to achieve the greatest efficiency. From a digital point of view, this may sound very good, but in practice, in a sudden rain storm when surfaces get wet, workers have to improvise quickly and deviate from pre-determined plans,” explained Buelen. He added that whilst BIM was increasingly entering the sector, workers could not be “digitalized”. Therefore, it is best to include them in the early stages of the BIM process in order to have their input on the specifics of the implementation of the planned construction activities.

“Robotics, 3D printing and surveillance drones will undoubtedly enter the sector. Will this cause the replacement of people with robots and lead to job cuts? I personally do not think so. We are all aware of the risks of the construction profession and the incidents on construction sites. Robotization can definitely be used for hazardous work such as lifting heavy materials and facilitating other repetitive activities. Drones providing “perspective from above” have the potential for timely prevention of some problems on the construction site, reducing the risks to overall health,” said Buelen. According to him, one of the most important advantages of digitalization is that it provides opportunities to improve work control. He offered the example of social ID cards for workers and check-in at work, which can have a positive effect on measuring real working time, reducing cases of labor exploitation. In his words, the systems for digital registration in new construction sites or for monitoring of subcontractors and/or foreign companies also have the potential to improve the exchange of information between businesses and administration. “We increasingly have to combine different data in the field of professional qualifications, logistics, social matters, etc., which is shaping a new smart labor market with its own benefits. Change will also take place in the construction process itself. Everything will be done faster and more efficiently, which should be seen as a new way of working, not as a disadvantage. Modular and prefabricated construction is an evolving trend, as it significantly reduces the time to build a house or other buildings. The supply chain will also gradually become digital and will probably be linked to BIM,” continued Buelen.

### Digitalization and green economy go hand in hand.

As the construction sector is a target group for green measures, Buelen believes that digitalization in this industry will take place quickly. He emphasized that according to the circular economy model, waste management is the new way to organize the construction industry. In respect of the field of energy efficiency, Buelen commented that more and more digital tools will be introduced to build in a smart way. “Until now, buildings were only used for living or work, but in the coming decades they will expand their purpose and become a means of communication, water management, electricity generation and 5G signal amplification. The role of the social partners in this transition from traditional to smart construction is extremely important, because if they do not find suitable solutions, the market will do it for them, which will not be good for individual construction companies. They need to anticipate the needs of the industry, especially the new skills needed for the digital transformation”, concluded Buelen.

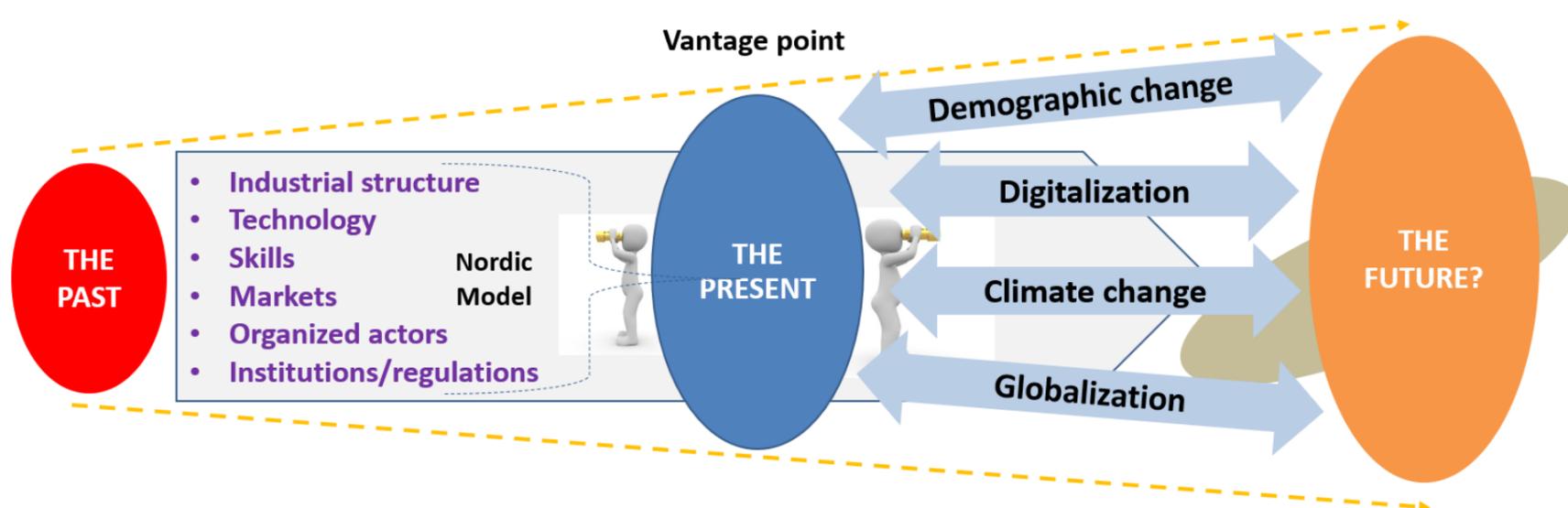


The next speaker at the event – Jukka Ahtela, former member of the European Economic and Social Committee, revealed the role of social dialogue in the development of innovation in digital economies. “What exactly is innovation? It should by no means be perceived as a complex scientific term. Innovation is the daily improvement and development in professional and personal terms in which we all participate, and digitalization means that knowledge is becoming more accessible to all professions and levels. In this way, with each passing day we get more autonomy, which is a challenge for the organization of work, as well as to the management and leadership methods we are accustomed to,” said Ahtela. According to him, modern social dialogue must include workers, because without their input, innovation cannot be complete.

### Can we anticipate and manage change in today's fast-paced economic life?

And what is its impact on the labor market and the workforce? These questions were answered by Johan Steen, a representative of the Norwegian Research Institute FAFO. He acquainted the participants in the event with the results of a large-scale FAFO study on new megatrends and their impact on the economy in the next 10-15 years, conducted in the period 2017-2020. “By definition, the future is unknown and unpredictable, but it is shaped by the decisions and input of people and various economic, social and environmental organizations. We cannot say exactly what will happen, but we can try to comprehend the factors that lead to change, and they are: the industrial structure, the level of technology development, the skills required in the labor market, the functioning of markets, social partners and institutions, as well as the policy instruments used to influence the future”, said Steen. The FAFO study links these factors to the drivers of change, or so-called global megatrends - digitalization, globalization, demographic change and climate change, and examines their impact on individual economic sectors. The COVID-19 crisis appears at the end of the analysis, which, on the one hand, shows how tentative the forecast for the future is, but on the other hand, confirms the significant impact of these megatrends.

Fig. 1. Influence of megatrends on the economy



Source: Presentation of Johan Steen during SUSODCO seminar on the 9<sup>th</sup> of Dec 2020

Steen pointed out that demographic changes and Europe's rapidly aging population are expected to have a negative impact on both labor supply and the social systems. The key to overcoming these disadvantages is the timely introduction of re-training measures and the promotion of longer working careers. With regard to globalization, Johan Steen said that we may already be seeing the opposite effect - fierce geopolitical competition and trade wars that could reduce the positive effects of open economies. “This is a problem for small European economies, which are particularly dependent on the predictable multilateral agreements for international economic exchange and cooperation. Therefore, support between countries and a strong social dialogue at a European level are important in order to overcome this negative aspect,” underlined Steen. He added that global warming and stimulating the green economy are

expected to increase labour migration, change trade relations, transport and the way we live in general. His forecast is that this process will consume significant financial resources and will also have a negative impact on some aspects of the economy. The FAFO expert believes that conversely this megatrend also opens up many opportunities for the construction sector. For example, the modernization of infrastructure, the renovation of buildings and the introduction of new energy efficiency requirements, will increase both the demand for labour and green buildings, as well as for workers with new skills. "This will require

### **timely adoption and implementation of training and re-training policies,**

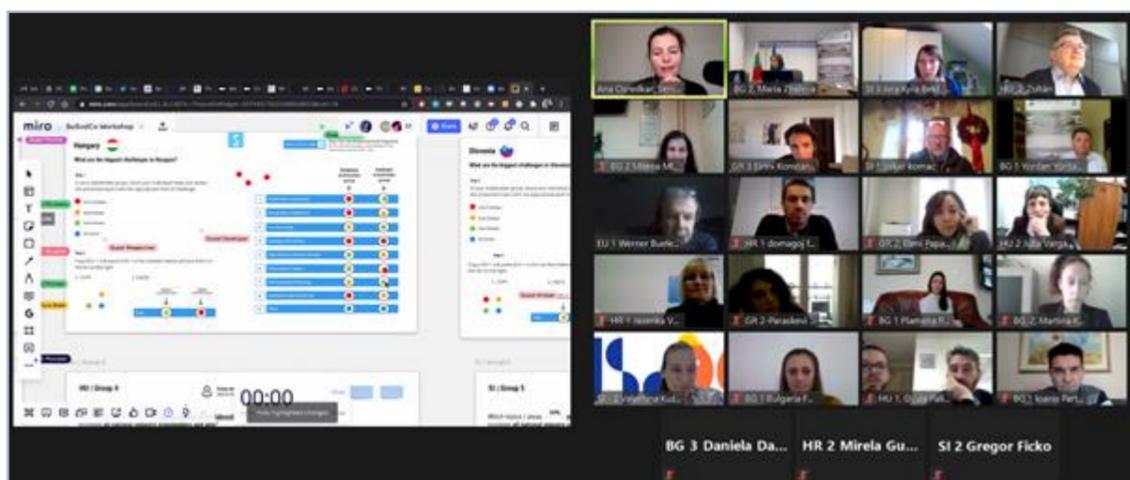
in order to achieve smooth adjustment of the workforce in the transition to green economy," Steen affirmed. The last megatrend he discussed was digitalization and new technologies, which according to some analysts has the strongest destructive potential. "This may have a transformative effect on employment and the way we work, and the pandemic could intensify this process. The technologies that are entering our lives are the result of basic but revolutionary changes in computer technology and artificial intelligence. These include robotics, the Internet of Things, augmented and virtual reality, 3D printing, biotechnology, block chain, various platforms and more, and they all have a significant impact on both construction and other sectors. The main question is whether our work will disappear because of this automation. I am more inclined to disagree, because when obliterating some professions, new technologies create new occupational profiles. In addition, they reduce or modify the activities we perform," stated Steen. In his opinion, the expected negative effect of digitalization is polarization and increasing social inequalities. Polarization refers to changes in organizational structures and the number of employees in high- and low-paid positions, as the high-paid ones will increase more than those on an average salary. The result will be an increase in inequalities, which will not have a good effect on market models and social systems.

Steen explained that the listed trends will affect construction at a later stage, because the sector has the lowest level of digitalization, and most of its employees are middle-income. "How do we deal with this digital economy? To adapt to change, we need digital and ICT infrastructure, 5G networks, high innovation levels, digital literacy and investment in training and re-training of the workforce. We are not just discussing disappearing, but also evolving and adapting professions. The latest technologies mean a new way of working, in which workers' engagement and effective social dialogue are critical," concluded Johan Steen.

Paritarian funds offer effective schemes for social protection and deal with the negative social aspects transforming economies have on the labour market. Alexandra Kaydzhyska from the European Association of Paritarian Institutions (AEIP), which is comprised of 29 EU paritarian organizations, spoke about those funds. They represent specific self-organization of social relations between social partners by negotiating binding collective agreements. Paritarian funds provide additional social protection complementing existing state systems. The management of the paritarian institutions must include an equal number of representatives of both employers and workers. Typical paritarian funds operate in the areas of pension and health insurance, paid leave, healthcare and safety at work, as well as in vocational training and re-training.

### **What are the benefits of paritarian funds?**

"Trade union representatives are always involved in the decision-making and management of these funds, which means that workers not only know their social rights and obligations well, but can also make decisions concerning their social needs. Paritarian funds are non-profit associations, which allows them to cover social risks to the maximum extent and to go beyond the purely financial aspects, which is more typical for market relations," explained Mrs. Kaydzhyska. She added that paritarian funds increase the overall well-being of any sector by providing effective representation of workers and adequate level of their social protection as a result. They also have significant benefits for the construction sector, which is quite fragmented, comprised mainly of small and medium-sized enterprises and characterized by high mobility in the EU and a high risk of accidents at work. It is in this specific work environment that paritarian funds provide more flexible social protection mechanisms. "They provide better working conditions and higher social protection in a sector that is characterized by seasonal employment, and accordingly workers need income stability. By fulfilling the needs of both workers and employers, paritarian funds can better address the typical challenges of a sector, including those posed by new trends," concluded Mrs. Kaydzhyska.



The second part of the capacity building event was dedicated to practical work on integrating the European guidelines for social dialogue in the construction business at national level. Employers' and workers' representatives were split into 6 national groups to discuss the main priorities of the national social dialogue in construction and an action plan for the period 2021-2023. The Bulgarian group, comprised of representatives of BCC and the trade union

FCWI "Podkrepa", stated their intention to work jointly on the following three areas: support for adaptation of professional skills to the needs of green economy, accelerating digitalization in the construction sector and reducing the share of grey business and improving the process of posting workers abroad.

## SUSODCO Project

The SuSodCo project, launched in March 2020, brings together the national social partners in the construction sector in Bulgaria, Greece, Cyprus, Slovenia, Hungary and Croatia. Its main objective is to increase the participating partners' communication skills and capacity for improved and effective social dialogue by exchanging good practices, raising awareness of key social dialogue topics and organizing seminars. In the framework of SuSodCo, studies were conducted on the state of social dialogue in the participating countries, as well as an assessment of the partners' communication and digital skills. Based on these studies, the program for four connected capacity building events was prepared, aimed at improving social partners' skills in industrial relations in the Construction sector. The events will be comprised of two sessions - a seminar and a workshop. They will be attended by leading experts and trainers who will present the latest trends in European industrial relations and help improve the participants' communication and digital skills for social dialogue. The workshops will include interactive sessions, role-playing challenges and various engaging scenarios to exercise the acquired knowledge.

The first event on "Recent trends and future of social dialogue" was held in December 2020, and the other three are scheduled for the following dates:

- **April 2021:** The importance of the communication strategy for effective social dialogue.
- **June 2021:** "The digitalization of the economy within the social dialogue agenda and digital skills.
- **September 2021:** "The essence of the communication skills used for implementation of social dialogue. Polishing partners' skills gaps".

*DISCLAIMER: The official language of the 1<sup>st</sup> Capacity Building Event was English. The article was drafted and published in Bulgarian language and then translated into English. Therefore, the wording of the quotes might deviate from the ones used by the speakers during the event.*