

2020 CAPPF International Convention – Paper by Madrid Chapter

The role of the companies on how their employees should be trained to achieve a more humane digital economy

Introduction

The transformational effects of digitization are changing our society at an unexpected speed. As an example, automobiles existed for 62 years before reaching 50 million users, and electricity took 46 years to reach that level of penetration. But mobile phones took just 12 years, and the Internet seven. The augmented-reality mobile game Pokémon GO had 50 million users after 19 days.

How are these changes affecting the workforce? During the last five years several reports about how work automation is going to make many of the current jobs disappear have been issued. Employers are facing this consequence through different practices. The most desirable one is re-skilling the labor force by the employers. However, this practice is difficult, and many companies struggle at identifying which is the next step for their employees.

On the other hand, lay-offs or buyouts used to be a preferred solution to face the need to adapt to the changes that digitization is bringing. That happens because sometimes the skills needed are not easily taught to existing employees. But also, because employers don't have a clear sense of what their internal talent is capable of. These two options come with undesired consequences for companies: they are expensive and create a bad reputation, which could be even more expensive. This context leaves companies with an urgent need, re-skilling their own talent, no matter how.

The economic damage caused by the Covid-19 pandemic is adding intense pressure to these demands, as many companies see their operations threatened by a dramatic and forced fall in demand. The lockdown has increased substantially the use of technological communication networks and will probably accelerate the obsolescence of many old ways, especially in administrative and financial areas. And the immediate consequence may be a substantial increase in unemployment. In this context, the reflexion on mobilizing internal forces for change through in-company training is even more important as a possible alternative to lay-offs.

The changes that we are experiencing could make us think about the changes referred to by St. John Paul II in the Encyclical Letter *Centesimus Annus* when examining the context of "*Rerum Novarum*" and the "new things" brought by the industrial revolution. In particular, "...the changing relationship between employers and workers, the enormous wealth of a few as opposed to the poverty of the many... as well as a notable decline in morality." In this context we should embrace the spirit of *Centesimus Annus* and, as St. John Paul II says, keep our efforts focused on "The new evangelization, which the modern world urgently needs and which I have emphasized many times, must include among its essential elements a proclamation of the Church's social doctrine."

To do so this Spanish Chapter aimed to examine the role of companies on how the re-skilling that we mentioned before should be provided, in particular, how this training can help our society to achieve a more humane digital economy.

In Centesimus Annus St. John Paul II pointed out a new form of ownership “the possession of know-how, technology and skill”. He put that in correlation with new sources of wealth in our society which many times “require the cooperation of many people in working towards a common goal” emphasizing that “the role of disciplined and creative human work and, as an essential part of that work, initiative and entrepreneurial ability becomes increasingly evident and decisive”. Finally, when he points out the risks and problems of the modern “business economy”, he highlights, a sensu contrario, which kind of training should be provided by an employer to their employees:

- One which let them to acquire “the basic knowledge would enable them to express their creativity and develop their potential.”
- And a “way of entering the network of knowledge and intercommunication which would enable them to see their qualities appreciated and utilized”

In his own words: “It is also necessary to help these needy people to acquire expertise, to enter the circle of exchange, and to develop their skills in order to make the best use of their capacities and resources.”

Although St. John Paul II is alluding to the Third World when he describes the problems of the free market, he concludes with a sharp reflection that applies nowadays: “However, aspects typical of the Third World also appear in developed countries, where the constant transformation of the methods of production and consumption devalues certain acquired skills and professional expertise, and thus requires a continual effort of re-training and updating. Those who fail to keep up with the times can easily be marginalized, as can the elderly, the young people who are incapable of finding their place in the life of society and, in general, those who are weakest or part of the so-called Fourth World. The situation of women too is far from easy in these conditions.” (CA 33).

How are the employees being trained by their employers in view of a deeply changing business and technological context? This is what we found out in three especially positive examples.

Examples

Elena Sanz, People & Organization Director at MAPFRE, shared with us how MAPFRE is dealing with the transformation of the company. Something that she considered an obligation for the company.

As core ideas she identified:

- Digital transformation will only make sense if people are the protagonist.
- New technologies are shaking the insurance industry:
 - o Predictive models have to adapt to the IoT revolution
 - o Robotics and AI are changing the rules of the game

- Medicine advances and genomic therapies are increasing the life expectancy which leads to a richer generational diversity. “Young 70 years old people”

MAPFRE has more than 34.500 employees with 91 nationalities and with 4 generations working with them. To help them to deal with the digital transformation that the company is addressing they are launched the “Digital Challenge” initiative where the idea is that different paths are available for the employees and they can choose which one suits them best. These paths, or trains, are intended to transform the company and to adapt to the new social requirements: Flexible environment, new retribution plans, flexible management with special attention to time and knowledge management. One result of the Digital Challenge initiative was how the intranet of the company made 500 new communities flourish where the employees shared specific knowledge related to MAPFRE processes so they could use it in a smarter way.

Digital transformation requires a cultural transformation and MAPFRE emphasizes the dignity of the person as a core value that should be present in interaction between manager and employees. Also, the introduced new performance reviews and the OKR system.

Before the COVID-19 pandemic MAPFRE was preparing the 2nd edition of the Digital Challenge related to the digital workplace and how to improve the employee experience. This is one of the seven strategic initiatives of the company and they want to focus on a more collaborative environment so the culture of the company can reach the employees.

As main future challenges they identified:

- 25% of young people need anxiolytics
- The generational challenge

María Concepción Álvarez, HR Director of Banco Sabadell, shared with us the people strategy of the bank in the aftermath of the 2008 crisis where the conditions for the banking sector are not easy. Banco Sabadell considers part of the bank’s corporate social responsibility to contribute to financial education in society and to help social inclusion for example with young immigrants. But this kind of external CSR is not enough.

In the present financial context, which is severely reducing the banks’ profitability, the main internal challenge in all respects is digitization, both internally and for the bank’s commercial customer group who see their credit quality sometimes threatened by sudden technological change. Therefore, the bank has tried to develop strategies directed both to help customers and to reposition employees.

Sustainability is at the forefront in the minds of the stakeholders of the bank, as can be seen from frequent shareholders’ and analyst meetings. Both levels, that of advising customers and that of training employees are essential for the bank’s sustainability.

While many banks are reducing the number of 'inadequate' employees incurring the very high cost of redundancies and on the other hand hiring new talent to make the transition to the digital age easier, Banco Sabadell has decided to train their own employees, trying in the first place to make them conscious of the true situation and, at the same time, to prepare them to face change and stop fearing that they might lose their job.

The challenges that the bank is facing in this respect are several:

- Double mismatch:
 - o Geographical
 - o Skills
- Young talent management

To tackle them they did an analysis to reallocate resources case by case and they implemented training programs which are both online and presential, with a micro-dedication to try and suit individual needs both from the point of business and that of individual employees. According to our guest, this policy was totally supported by the bank's Board of Directors as a policy which pursues both economic and human sustainability.

Nuria López is in charge of **Human Resources at the RPK cooperative group** in Vitoria, in the Basque country, Northern Spain. RPK specializes in high precision metallic springs for the motor and health industry, with subsidiaries in other Spanish regions and in China, India and Mexico. It was created in 1974 by 19 professionals who chose the legal form of cooperative. The group employs about 800 people in total. 60% of the workers are also members of the cooperative. After some time in the company, workers can apply for special training to become members of the cooperative and invest in the company. The group has recently recentred on its original philosophy of cooperation, which means reinvesting profits in the company and applying a complex participative decision process. There is a culture of fellowship which is easy to lose if growth becomes the main driver instead of the values of the cooperative. The reason is that in this situation members of the cooperative tend to put individual interest before common interest.

Training and continued education are a basic feature of the RPK group, always oriented towards the company's productivity and sustainability, rather than for individual aims. For example, multidisciplinary groups have been created all over the company in order to promote autonomy: these groups meet 15 minutes every day and develop collectively elaborated answers to solve production and organizational problems. RPK works for extremely demanding customers, especially in the automobile industry, and therefore needed to develop a sophisticated digitalized system where every single detail is totally traceable and can be followed-up for improvement. RPK also collaborates actively in dual vocational training programs in collaboration with local technical schools and colleges.

During the Covid emergency and lockdown, RPK was quicker than competitors in adopting measures to protect workers' health in the first place and to be able to continue industrial production as soon as possible. All remunerations were reduced by 30% and decisions were taken to subsidize partial or permanent leave. Communication and commitment were important too. Everyone knows that currently the company is losing money and therefore everyone react and move faster.

The juridical form of cooperative – often supported in papal CST documents - is not a perfect answer to all problems, but in RPK's view it helps to keep a highly responsible attitude among people who learn how to look at the company with "two hats": that of a worker and that of the owner. Participation in designing training programs is essential to promote preparation for technical change. At RPK group they are aware of it and they have a technological center where they try to anticipate the needs of the client. This allows them to identify how digitalization can affect their workers and to train them if needed.

Conclusions

In view of the examples presented and the following debate, here are the main conclusions which the Group wishes to submit:

1. In the context of digital developments, training programs need to be centered on people as protagonists. The programs must be inter-active at all levels. They must aim at waking up employees' own capabilities to use and monitor technology and to propose changes from their end, which will be confronted with company needs and possibilities.
2. Training programs must be based on flexibility from all parties involved. The changes needed today and those (still mostly unknown) which will be needed tomorrow must be encouraged through effective incentive policies, not through penalties. This is essential to keep the employees' trust in company leadership and in the company's future.
3. Technological decisions must be widely explained through training programs which are seen as accompanying technological and the consequent business evolution.
4. At first sight, redundancies may often be seen by management as inevitable, though expensive solutions since they provide apparently "clear-cut" answers to a changing technological and competitive environment. But redundancies may be in many cases a bad solution, erroneously considered as "simple", whereas it is in the company's shareholders', executives' and employees' interest to pursue as a priority the full flourishing of internal capacities for change.

We would like to conclude by quoting Pope Francis in an address to members of the World Food Program in 2016: "In the face of so many challenges and crises, it might appear that the future of humanity will simply involve facing ever new and interrelated problems and threats, unpredictable both in their extent and in their complexity. This is

something you know quite well from your own experience. But it should not dishearten us. Encourage and help one another to avoid the temptation of discouragement or indifference. More importantly, believe firmly that your daily efforts are helping to give our world a human face and to make it into a place whose cardinal points are compassion, solidarity, mutual assistance and gratuity. The greater your generosity, your tenacity and your faith, the more will multilateral forms of cooperation be able to devise suitable solutions to these troubling problems. The more they will succeed in expanding short-sighted and selfish visions, in opening new paths to hope, a just human development, sustainability and efforts to close the gap of unjust economic inequalities, which so greatly harm the most vulnerable members of our human family.”