

Case Study Report

– The Collective Agreement “Zukunft in Arbeit“ –

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Profile of the M&E Sector

Detailed Description of the Collective Agreement

Analysis of the Case Study

Conclusions

Profile of the M&E Sector

Profile of the M&E Sector (1)

- The metal and electro (M&E) industry is the largest industrial sector in Germany with nearly 3.5 million workers
 - About 700.000 jobs are located in NRW

- It consists of several lines of business like automotive, metal processing or mechanical engineering → key sectors for the economy
- Global demand for highly innovative products and processes
- The M&E industry is dominated by medium-sized companies with mostly not fewer than 200 employees

- Large companies within the sector in NRW:
 - Ford plant in Cologne
 - Opel in Bochum
 - Automotive supplier Hella with 6 plants in NRW

Profile of the M&E Sector (2)

- M&E industry in NRW achieved a turnover of around 114 billion € annually
- Industry is highly dependent on exports
 - 2/3 of all companies are directly or indirectly dependent
- Consequences of the crisis:
 - Working volume decreased by 20 %
 - Moreover 150.000 out of 700.000 nationwide jobs have been at risk temporarily
 - passage of a crises package

Detailed Description of the Case

Detailed Description of the Collective Agreement (1)

Negotiation of the Collective Agreement

- Social dialogue in NRW is based on established forms of consensus finding and approved utilisation of instruments for political and economical problem solving strategies – especially in times of crisis
- Due to the crisis the IG Metall installed a “Task Force“
- An innovative collective agreement between the employers association METALL NRW and IG Metall was negotiated for the metal and electro industry in february 2010
- The collective agreement named „Zukunft in Arbeit“ can be divided in 3 components:
 1. Regulation of working time in terms of crisis management
 2. Future - orientated educational opportunities
 3. Slight wage increase

Detailed Description of the Collective Agreement (2)

Actors and Type of Agreement

- Involved actors:
 - Social partners and federal german government
- Types of the agreement “Zukunft in Arbeit“:
 - Top priority job security
- Basic part of the negotiations: „Job Package“ within its scope costs for companies, e.g. fixed costs
 - Innovative agreement which focuses on working hours and the training situation in equal measures

Detailed Description of the Collective Agreement (3)

Aims and Purposes

- „Zukunft in Arbeit“ as the basic part of the Crises Package 2012
- Involving two essential modules: wages and job security
- In addition to the existing crisis instruments short-time work and the collective agreement „TV Besch“ the social partners agreed on more options
 - Reduction of the residual costs of short time working
 - Reduction of working time with wage adjustments

- Main goal of employes association: reducing the costs for companies using short time work
- Works council agreement must have a minimum runtime
 - Dismissals are not possible
- From 1st March 2010 companies can divide special payments
 - Cost savings

Detailed Description of the Collective Agreement (4)

Central Aspects of “Zukunft in Arbeit“

- The establishment of a new type of short working including subsequent possibilities of working time reduction with a wage adjustment
- Improved possibilities for a 12-month hiring of former trainees combined with the option of accumulating money for their own qualification
- Single payment of 320 € for jobholders and 120 € for apprentices including a percental increase in 2011 instead of tariff increase

Analysis of the Case

Analysis of the Case (1)

Effects on Negotiations and Process of the Social Dialogue

- business relationship between the employers' association and trade union IG Metall can be characterized as a conflict partnership
- Since 15 years it is marked by cooperative handling → role of Harald Schartau, former chairman of the IG Metall NRW
- relationship between the social partners is notably dependent on individuals and their mutual agreement

- Case study: extraordinary comprehension as well as the equal perception of the problem
- efficient and innovative labour agreement in respect of content was achieved, based on consensual appreciation

- Probably strengthening effect on the relationship of the social partners, collective bargaining round in 2012 will prove

Analysis of the Case (2)

Outcomes

- Collective agreement „Zukunft in Arbeit“ includes extended duties for employers concerning the possibilities of taking over after their trainees
 - Determination of measures for strengthening training and qualification in collective agreements → typical result within the social dialogue in NRW
- Breakdown of the labour market could be avoided by usage of broad based stimuli
- If the crisis had lasted for a longer time all the outlined tools and instruments would have been restricted

Conclusions

Conclusions

- Development of solution-orientated ways of thinking is the central condition for finding successful instruments in terms of crises management
- Such strategies require a trustful relationship between the social partners

- Temporary extension of short time working in case of a longer lasting crisis has a psychological effect
 - Jobs in the M&E sector can be saved for a longer period of time
- Collective agreement „Zukunft in Arbeit“ does not follow socio-political debates, focussing on monetary aspects again
 - It can be judged as a reactive, but very suitable instrument for the crisis management