

## Germany – IG Metall secures employment through future agreements focusing on dialogue and training

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IG Metall designs new plans at both sectoral and company levels, establishing frameworks to co-govern and anticipate the green and digital transition. The aim is to foster worker and union participation in a company's or a sector's long-term strategy, acting proactively rather than reactively to potential crises.

The new framework comprises three steps.

- i) An analysis at sectoral level to identify transformation challenges. Management and works councils (social partners at the company level) are obliged to consult on these challenges, with possible involvement from employers' associations and trade unions (collective bargaining parties). Both parties, together with external experts, conduct a joint analysis.
- ii) The joint analysis is evaluated to determine if action is necessary.
- iii) Negotiations may commence on topics related to just transition, such as job security, personnel and qualification planning, change management and competitiveness. Should no agreement be reached, external moderation may be sought. Contrarily, if no action is deemed necessary, negotiations will not proceed.

The goal of the future agreements' framework is to empower workers to analyse the impact of the transformation, propose ideas for the company's strategic future and economic development at each location, and establish new targets for future products, investments, competitiveness, and necessary qualifications. Essentially, it serves as a framework for anticipating change.

In 2018, the management of the tobacco machine manufacturer **Hauni** started to fire workers. The answer to a structural crisis – less consumption of cigarettes means that fewer tobacco machines are needed – was to cut 953 of around 2,300 jobs. Among other things, an entire production facility with 250 employees was to be shut down. The goal was still a 20% margin with lower turnover, the simple strategy of the management was to close the most expensive of the three production sites in Hamburg and continue only in Hungary and Malaysia.

IG Metall and the works council organised resistance. 253 jobs were saved. However, 700 jobs will be cut in a socially responsible manner through generous partial retirement and severance payments without redundancies. In return, the employees gave up their collectively agreed supplementary allowance B of around 400 euros in 2020. But 1,600 jobs are secured in the long term - through short-time working with top-up payment and then, if necessary, a 4-day week. Dismissals for operational reasons are ruled out until 2024.

But above all, IG Metall and the works council were able to prove to management that better processes with well-trained, competent employees increase productivity - and thus generate margins as well as cost-cutting measures.

They secured a collective labour agreement for the future, which now gives them the chance to secure their future with their own ideas. The employees work together with management in project groups to develop new products for the future - and better processes. For the big joint project - the 'factory of the future'.

The company makes one million euros available each year in an innovation fund. A steering committee with equal representation from management and the works council ultimately decides which innovations are pursued.

The works council also has a say in personnel planning and training. The co-determination rights of employees and their works councils at **Hauni** now go well beyond what is stipulated by law.

This is also stated in the text of the collective agreement: 'Employees and works councils are given the opportunity to contribute their ideas on the future direction of the factory of the future in terms of co-determination in economic matters under works constitution law.'

It has already paid off. The production facility, which was outsourced to a subsidiary, will not be closed but reintegrated into the **Hauni** group. The employees have worked out a new organisation for this, with flatter hierarchies, fewer bosses and fewer interfaces. This is also worthwhile for the company. And some new product ideas are already in the pipeline.

Ultimately, the workers only achieved this because they joined IG Metall, fought and negotiated together.

The management of **MAN Truck & Bus** tried to implement in September 2020 the reorganisation plan "Future Lion". This plan included the reduction of 9,500 jobs. In order to achieve this, the company unilaterally cancelled all company agreements, including those to secure the sites and jobs until 2030.

However, IG Metall, together with the workers and the works council, fought back. The negotiations were tough and took months. But the hard fight was worth it.

Together, the trade unionists were able to save 6,000 jobs. The remaining 3,500 jobs are to be cut in a socially responsible manner, meaning that there will be no compulsory redundancies at German sites. This is guaranteed by a key points paper that the works council, IG Metall and Group management have been able to agree on in January 2021. In the paper, the Group also commits to invest in the future fields of digitalisation, alternative drive systems (e-mobility/hydrogen) and automation, as well as in employee training.

The commitment of the key points paper was subsequently transferred to a future collective agreement. In addition to securing sites and jobs, the future collective agreement also includes:

- iv) Reinstatement of various cancelled company agreements,
- v) A member bonus,
- vi) Additional leave options based on the collective agreement of tariff wage supplement/tariff exemption days. A leave of absence of 8 working days per

calendar year is now possible for all employees instead of the collectively agreed additional pay.

- vii) Investments
- viii) Development of sustainable products.

IG Metall and automotive supplier **Musashi** have agreed 2022 on a collective agreement for the future. Site closures have been prevented and compulsory redundancies have been ruled out until the end of 2025. The employer has undertaken to negotiate with employees and IG Metall on a future model for bridging the gap between combustion engines and electric motors.

The more than 2,000 employees at the seven sites headquartered in Bad Sobernheim showed during 24-hour warning strikes that they will not accept closures without a fight. The objective was not only securing jobs but also creating a future model for the workers. In addition to the prevented site closures and the exclusion of compulsory redundancies until the end of 2025, the employer guarantees to retain at least 1,312 of the more than 2,000 jobs by the end of December 2030. The remaining redundancies are to be handled entirely through partial retirement with particularly favourable top-ups for employees.

In return, the employees agree that the next pay rise will be postponed by one year and the next two pay rises by six months each. The transformation allowance, which can be paid out to employees as a special payment, will also be retained by the employer from 2023 to 2027 and used to secure jobs. T-ZUG B (tariff wage supplement/tariff exemption days) will be cancelled for the entire term of the transformation, future and social collective agreement.

At another automotive supplier, **Mahle**, the future for 10,500 workers has been safeguarded until 2025. Until now, Mahle has manufactured many products for combustion engines. Now Mahle is facing a transformation: electric cars, digitalisation and hydrogen engines. No one will be made redundant before then according to an agreement negotiated by IG Metall. Operational layoffs will not take place and workers are now shaping the future of the future at the individual locations, including promotion of qualification and training. A future check and target-setting processes were also agreed to involve the workers in shaping the transformation process. In other words, Mahle is full on a transformation course, secured by a future collective agreement.

Lastly, at **Bosch Mobility**, dismissals for operational reasons are ruled out until the end of 2027 through the conclusion of a collective agreement which protects almost 80,000 workers. The works councils will be involved in strategic and economic planning at an early stage, for example about the location of future products and the development of target images. Bosch had originally planned the transformation without the employees. However, employees, works councils and IG Metall built up pressure and won. Now, the transformation will be tackled by a collective agreement for the future. It has a strong focus on software, new vehicle architectures, and automated driving. The outcome of the negotiations shows that collective agreements are essential for the future viability of companies and create binding security for employees

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