CHALLENGES TO TRADE UNIONS IN GERMANY

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TURI 16 May 2018
Berlin
Content

Collective bargaining coverage
Union membership
Trade unions and the grand coalition government, 2014-2017
Collective Bargaining Coverage 1998-2016

in % of workers covered by agreements

Sector Agreements

Company Agreements

Hans Böckler Stiftung
Collective Bargaining Coverage 2014/2015

- **IAB**
  - Covered: 57%
  - Not Covered: 45%

- **Destatis**
  - Covered: 55%
  - Not Covered: 43%

**Establishment Panel**
- 16,000 Establishments
- Annual

**Structure of Earnings Survey**
- 60,000 Establishments
- Every four years

Representative Survey with Establishments of all Sizes

*in % of workers covered by agreements*
Collective bargaining coverage*

* 2012 or latest available data. Source: ICTWSS Database Version 5.0
Collective Bargaining Coverage 2014

<table>
<thead>
<tr>
<th>Industry</th>
<th>% of workers covered by agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Administration</td>
<td>100</td>
</tr>
<tr>
<td>Financial Services</td>
<td>91</td>
</tr>
<tr>
<td>Energy</td>
<td>85</td>
</tr>
<tr>
<td>Automobile Industry</td>
<td>69</td>
</tr>
<tr>
<td>Metal Processing</td>
<td>67</td>
</tr>
<tr>
<td>Chemical Industry</td>
<td>64</td>
</tr>
<tr>
<td>Machine Building</td>
<td>54</td>
</tr>
<tr>
<td>Telecommunication</td>
<td>50</td>
</tr>
<tr>
<td>Total Economy</td>
<td>45</td>
</tr>
<tr>
<td>Construction</td>
<td>40</td>
</tr>
<tr>
<td>Postal Services</td>
<td>40</td>
</tr>
<tr>
<td>Health &amp; Social Services</td>
<td>39</td>
</tr>
<tr>
<td>Electronic Industry</td>
<td>36</td>
</tr>
<tr>
<td>Food Industry</td>
<td>31</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>28</td>
</tr>
<tr>
<td>Hotels &amp; Restaurants</td>
<td>23</td>
</tr>
<tr>
<td>Automobile Trade</td>
<td>20</td>
</tr>
<tr>
<td>Architecture &amp; Engineering</td>
<td>17</td>
</tr>
<tr>
<td>IT-Services</td>
<td>15</td>
</tr>
<tr>
<td>Agriculture</td>
<td>13</td>
</tr>
</tbody>
</table>

in % of workers covered by agreements
CB coverage by pay quintils

in % of employees

1. Quintil unter 9,68€: 27%
2. Quintil 9,68€-13,08€: 27%
3. Quintil 13,09€-16,88€: 46%
4. Quintil 16,89€-22,74€: 61%
5. Quintil 22,75€ und mehr: 66%

Quelle: Destatis
Change in real gross hourly pay, 1995-2015

Average change in % by deciles

-7%  -7%  -6%  -4%  1%  4%  8%  10%  10%  8%

Quelle: BMAS
Trends in collective bargaining

1. Continuous Decline of Collective Bargaining Coverage

2. Growing Differentiation between Sectors

- **Majority** of Workers covered in Manufacturing and Public Administration

- **Minority** of Workers covered in many Private Services and Agriculture
Trends in collective bargaining

3. Fragmentation

• Companies as Production Networks
• Outsourcing /Use of Contractors/Sub-Contractors
• Crowdworking
• Use of Temporary Agency Work

4. Decentralisation

• Derogations from sector agreements via opening clauses etc.
Use of Derogations

Source: WSI Works Council Survey

**Size of the company**
- 50 - 99: 16, 9
- 100 - 249: 19, 12
- 250 - 499: 28, 16
- 500 - 999: 26, 20
- > 1000: 31, 15

**Number of workers**
- Good: 20, 12
- Bad: 24, 13
- In total: 21, 13

**Economic performance**
- Good: 20
- Bad: 24
- In total: 21

**Source:** WSI Works Council Survey
View of works councillors

Decentralisation of collective bargaining is regarded as …

- **Ambiguous**: 30 (2005), 33 (2015)
- **Generally problematic**: 53 (2005), 44 (2015)
- **Don't know**: 5 (2005), 8 (2015)

Source: WSI Works Council Survey
Shrinking core of the German model

In % of private sector workers covered by both sectoral collective agreement and a works council

West: 28
East: 15
Union membership and unionization rate

Hans Böckler Stiftung

15
Number of trade union members in the DGB

![Graph showing the number of trade union members in the DGB from 1995 to 2017. The graph compares members of different trade unions such as GEW, NGG, ver.di, IG Metall, IG BCE, IG BAU, EVG, and GdP.](image-url)
Unionization by education

Niedrig (kein Schulabschluss oder Förder-/Hilfsschule)
Mittel (Haupt-/Realschule)
Hoch (Fach-/Abitur)
Unionization by employment status

<table>
<thead>
<tr>
<th>Status</th>
<th>Männer</th>
<th>Frauen</th>
<th>Gesamt</th>
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</thead>
<tbody>
<tr>
<td>unbefristet</td>
<td>21.5</td>
<td>17.1</td>
<td>12.1</td>
</tr>
<tr>
<td>befristet</td>
<td>13.3</td>
<td>8.8</td>
<td>11.1</td>
</tr>
<tr>
<td>Teilzeit</td>
<td>6.8</td>
<td>11.1</td>
<td>10.2</td>
</tr>
<tr>
<td>Vollzeit</td>
<td>22.2</td>
<td>11.7</td>
<td>18.3</td>
</tr>
</tbody>
</table>
Share of age cohorts of union members

![Bar chart showing the share of age cohorts of union members from 2010 to 2016. The chart indicates the percentage distribution across different age groups: 16-30, 31-40, 41-50, 51-65, and 66+. The percentages for 2010 and 2016 are as follows:]

- **16-30**: 7.3% in 2010, 13.9% in 2016
- **31-40**: 34.2% in 2010, 36.3% in 2016
- **41-50**: 26.3% in 2010, 19.1% in 2016
- **51-65**: 18.4% in 2010, 17.6% in 2016
- **66+**: 13.8% in 2010, 12.8% in 2016
Federal elections 2017

GewerkschafterInnen: SPD vor CDU, AfD drittstärkste Kraft
Anteil der Zweitstimmen bei der Bundestagswahl (in Prozent)

<table>
<thead>
<tr>
<th>Partei</th>
<th>Alle WählerInnen</th>
<th>Gewerkschaftsmitglieder*</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDU/CSU</td>
<td>33,0</td>
<td>24</td>
</tr>
<tr>
<td>SPD</td>
<td>20,5</td>
<td>29</td>
</tr>
<tr>
<td>Linke</td>
<td>9,2</td>
<td>12</td>
</tr>
<tr>
<td>Grüne</td>
<td>8,9</td>
<td>8</td>
</tr>
<tr>
<td>FDP</td>
<td>10,7</td>
<td>7</td>
</tr>
<tr>
<td>AfD</td>
<td>12,6</td>
<td>15</td>
</tr>
<tr>
<td>Andere</td>
<td>5</td>
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</tr>
</tbody>
</table>

*Alle Arbeitnehmerorganisationen (neben DGB-Gewerkschaften auch z. B. Beamtenbund)
Quelle: Der Bundeswahleiter / Forschungsgruppe Wahlen e.V., Mannheim

Gewerkschaftsfrauen wählen Rot-Rot-Grün
Vergleich Zweitstimmen von Gewerkschaftsmitgliedern nach Geschlecht (in Prozent)

<table>
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Alle Arbeitnehmerorganisationen (neben DGB-Gewerkschaften auch z. B. Beamtenbund)
Quelle: Forschungsgruppe Wahlen e.V., Mannheim
Trade union and the grand coalition 2013-17

2. Derogation from law through collective agreements: temporary work, minimum pay, working time law.
3. Collective bargaining unity law (Tarifeinheitsgesetz) to avoid competition between unions in companies (highly controversial, adjustment needed)
4. Pension stability law
5. Temporary work and subcontracting
Conclusion

Shrinking core of German model regarding

• Collective bargaining coverage
• Bargaining centralization
• Trade union membership

But ...

• Some unions have stabilized membership development
• Trend towards higher pay settlements
• Government support for collective bargaining stronger
ANNEX
Decentralisation of Collective Bargaining

Traditional German Dual System:

- **Collective Bargaining:**
  Trade unions and employers’ associations

- **Workplace Bargaining:**
  Works Council and Management

1960s/1970s:
- Decentralisation enforced by trade unions

1990s/2000s:
- Decentralisation enforced by employers
Content and Procedures of Opening Clauses

Content:

- **General clauses**
- **Specific clauses** on working time, basic pay, annual bonuses etc.
- **Quid pro quo:** Limited Employment Security; Promises for New Investments

Procedures

- **Application** by company parties
  (management & works council)
- **Decision** (mostly) by sectoral parties
  trade unions and employers’ associations
Decentralisation of Collective Bargaining (90s)

Employers:

- Growing criticism on the “Inflexibility” of the German system; demand for more possibilities for derogations at company level
- Growing Number of “wild-cat cooperation” at company level undermining agreed standards

Trade Unions:

- Originally: Different strategies from fierce opposition to limited acceptance
- In the meantime: Broad Acquiescence; establishment of new procedural rules for controlled decentralisation; partly combined with new organising strategies
Opening Clauses in Sectoral Agreements

German Collective Agreement Act:
• Favourability principle, but …
• parties at sector level can agree on “unfavourable” derogations at company level via opening-clauses

Spreading:
• 1980s: Working time reduction . Working time flexibility
• 1990s: Started in East Germany – transferred to the West
  Started as “hardship-clauses” – extended to all kind of situations
• Since the 2000s: Opening clauses in almost all major sectoral agreements !
Collective Bargaining Coverage 2015

- No Agreement: 22%
- Oriented towards Agreements: 21%
- Company: 9%
- Sector: 48%

in % of workers covered by agreements