

More than Co-Management

Lessons from a Research-supported Trade Union Project in German Manufacturing

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EUROPÄISCHE UNION

Outline

- I.** Some facts about Northrhine-Westfalia and recent challenges for Trade Unions
- II.** The growing importance of the shop floor level – growing challenges for works councils
- III.** Better not cheaper: The *cheap* low-road versus innovative high road solutions
- IV.** Necessary competences and skills for different types of discussions between works councils and management
- V.** Dialogue and reciprocative learning process - The project , Competence and Innovation, and its approach in practice

PART I

SOME FACTS ABOUT NORTHRHINE-WESTFALIA AND RECENT CHALLENGES FOR TRADE UNIONS

Northrhine-Westfalia

- 18 m. inhabitants
- 68 universities, ca. 100 research institutes



Gabi Schilling, IAQ / Achim Vanselow, DGB

Source: nrw invest; NRW Wirtschaftsbericht 2011

Northrhine-Westfalia: Economy

- NRW ranks 17th on the list of the most powerful economies in the world
- Gross state product exceeded €522 billion in 2009. 20% of all German exports (139 bn. €), 29% of direct investments (139 bn. €)
- 17.000 companies. 24 of Germany´s top-50 corporations are headquartered in NRW (e.g. EON, Telekom)
- 8.7 m. employees
- DGB in Northrhine-Westfalia: confederation of 8 Trade Unions with 1,5 m. members
- Big unions: metalworkers (IG Metall), miners/chemical workers (IG BCE), united service workers (Ver.di)



Recent challenges for the trade unions

- Transformation to a *green* industrial policy (innovation, de-carbonisation, e-mobility etc.)
- A sustainable energy mix (renewable energies, bridging technologies)
- Secure rather than precarious employment, promoting a high skill – high wage strategy (e.g. demographic changes, skill shortages)
- Widening of international value added chains



Political culture in NRW

- **2010: Social Democratic/Green government (minority!)**
- **Wants to implement a Culture of Dialogue: involving political decision makers, representatives of industries and Trade Unions, researchers, NGO´s, citizens**
- **Aims at more acceptance of big-scale industrial projects, increasing participation, inter-industry-cooperation**
- **Aims at cross-industry innovation in key markets:**
 - *Transport and logistics*
 - *Mechanical engineering and plant construction*
 - *ITC industry*
 - *Media and creative industry*

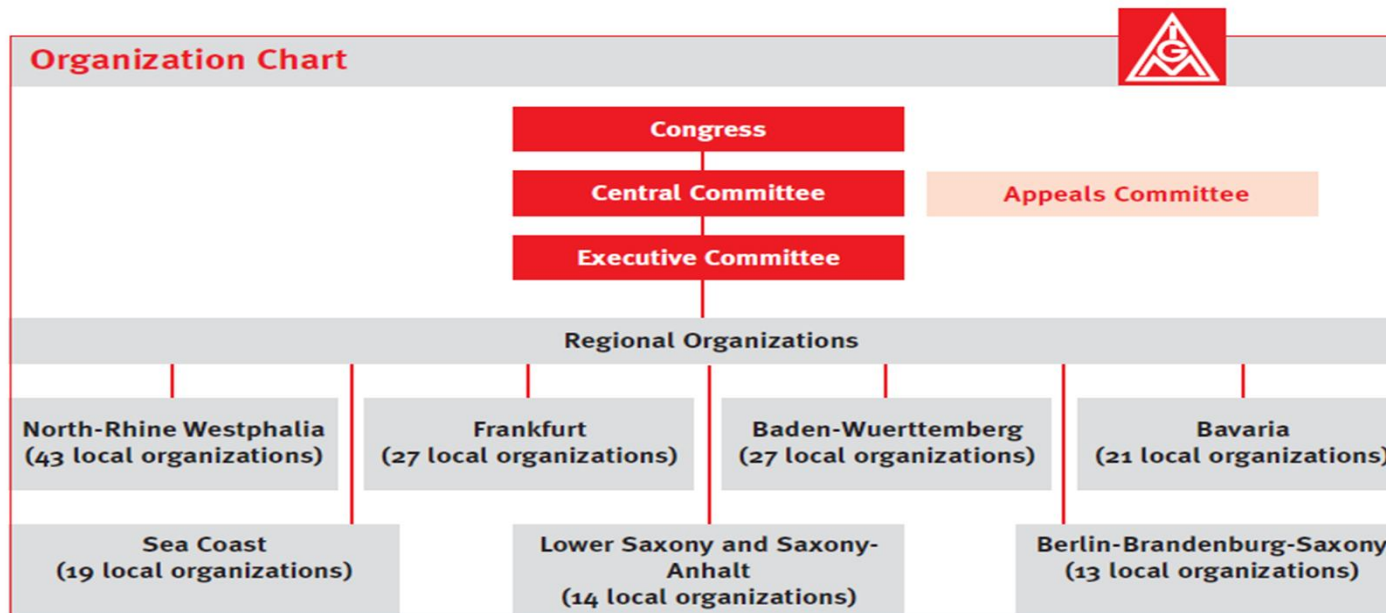
Recent debates in the unions

- What does the work-oriented *high road* towards an industrial future in NRW look like?
- What effects will a radical ecological strategy have on jobs in the *old* industries?
- What effects will this political strategy have on industrial relations?
- What innovations are necessary for the Trade Unions?
- How can we organise the necessary *knowledge base* for the Trade Unions and works councils?
- How can we make the cooperation between researchers and Trade Unions more attractive?

Recent approaches

- Get researchers into the Trade Unions.
- Create new opportunities for dialogue between researchers and the Trade Unions.
- Provide resources and manpower for the organisation of these dialogues.
- Test the researcher/Trade Union dialogue in practice
- ***One example: the project 'Competence and Innovation' managed by IG Metall NRW.***

Organizational Structure of the IG Metall



Union members- IG Metall in relation to other unions

Union	Members 2009	Entries 2009	Exits 2009	Saldo
DGB (umbrella organisation)	6.236.923	290.324	396.876	- 106.552
IG Metall	2.263.020 (in NRW: ca. 600.000)	84.412	121.955	- 37.543*
Ver.di (service sector)	2.138.200	110.870	152.899	- 42.029

* in manufacturing sector dip in employment 8% (crisis), dip in members 3%

Problem: Decline in union membership

- German reunification brought some recovery in union membership but the trend is downwards
- Familiar reasons: decline of men in manufacturing, failure to organise women, employees with higher qualifications, new industries, employees in small companies
- Consequences: shrinking resources, decreasing political influence, pressure on works councils.

NEW approaches are necessary – new arguments too

IG Metall Northrhine-Westfalia and Baden-Wuerttemberg (partner project) – some facts

- Project partners are the two biggest regional organisations with all in all 70 local organisations (total 164)
- Northrhine-Westfalia and Baden-Wuerttemberg were in the past the regions with trendsetting pilot-collective agreements
- All the other regions followed usually this pilot-agreements
- Pforzheim Solution (Ba-Wü): Opening collective agreements to shop floor level
- Since then a lot of company specific deviations from collective agreements

Part II

THE GROWING IMPORTANCE OF THE SHOP FLOOR LEVEL – GROWING CHALLENGES FOR WORKS COUNCILS

A new way for collective bargaining policy

- Collective agreements have at least five different functions: (a) protective, (b) productivity, (c) stabilizing, (d) regulatory and (e) peace-keeping
- Collective bargaining agreements covered a whole branch or region
- 2004: Since ‚Pforzheim Agreement‘ there are opening clauses for company specific solutions if job security is guaranteed or other defined conditions for a limited period
- On company level works councils are challenged to find a balance between safeguarding jobs and income and competition demands even in situations of financial crisis and globalized competition
- Works councils are therefore more and more under pressure to find *better* solutions at company level
- Necessity in creating innovative solutions in topics which are often difficult to evaluate (i.e. outsourcing, offshoring, temporary work)

Flexible solutions at company level – support of works councils by the IG Metall

- To deal with flexible solutions which differ from collective agreements works councils need support
- There is a need for more competences, skills and innovative ways to deal with company related challenges
- In order to get out of a traditionally defensive position works councils require good arguments which create innovative solutions for sustaining jobs and a competitive position for the company
- IG Metall started different campaigns like *Better not Cheaper* or *Better: Future*, in which the project Competence and Innovation is embedded
- There is higher priority to qualitative collective bargaining topics such as working conditions, continuous training and orientation on *Good Work*
- Competence and Innovation works on the principles of action research. Scientists create in a close dialogue with practitioners arguments for *better* solutions

Part III

**THE CHEAP LOW-ROAD VERSUS
INNOVATIVE HIGH ROAD SOLUTIONS**

Better not cheaper - Background

- Need for economic regeneration in Northrhine-Westfalia (NRW).
- Shift to services but manufacturing still significant and important part of economy.
- Decline in trade union membership in Germany.
- Globalisation: Growing Competition from former low cost countries (MOE) and growing influence of BRIC countries, especially China.
- ‘Can’t beat Beijing on price’. Need to have competitive advantage by quality. - Trade unions and works councils create better solutions

Better not cheaper - Strategy

Modernisation of collective agreements in form of co-ordinated decentralisation. Works councils together with the employees should

- Try to question management strategies in the companies,
- Be able to detect misleading arguments promoting cuts in companies as the only possible solution
- Try to find internal solutions
- Demand alternative schemes
- Works councils should *not* become (co)managers
- *But:* they should be in a position to interrogate managers on future management strategies

Important: There is no blueprint for high-road solutions. Learning and change processes have to be elicited on location due to different conditions and influences in individual companies

Basic elements of Better not Cheaper strategy

- Inform the trade union members about all steps securing the future of the company,
- Enable them to participate in the processes of change
- Demand forcefully sustainable concepts for the future,
- Question existing or planned management strategies at an early stage
- Develop alternatives with professional support
- Resolve agreements with the management over *better* solutions with pressure
- As a member of a works council remarked:
,We need both pressure and a good concept'.

Better not Cheaper in the crisis – how to deal with it? Concept and pressure

concept

- Clarifying the circumstances
- Challenging management strategy
- Organising support (union members, internal and external experts, consultants)
- Retaining and managing (controlling) consultancy
- Negotiating with strong arguments
- Saving the outcomes, controlling the process of implementation
- ... WHAT'S THE CONCEPT IN YOUR COMPANY?

pressure

- Continuous information to employees / union members
- Questionnaires for members (relating to specific topics like offshoring, working conditions etc.)
- Organising active participation
- Continuous meetings between union members
- Attracting new union members
- Activating / mobilising union members
- ...HOW DO YOU ORGANISE PRESSURE IN YOUR COMPANY?

Part IV

COMPETENCE AND INNOVATION – METHODS AND RESULTS

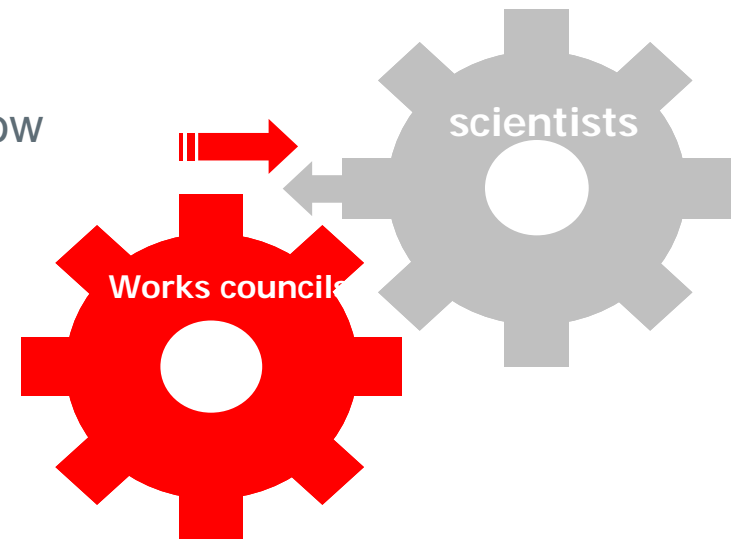
Dynamic dialogue between scientists, works councils and union representatives in workshops at company level, amongst companies and colleague coaching*



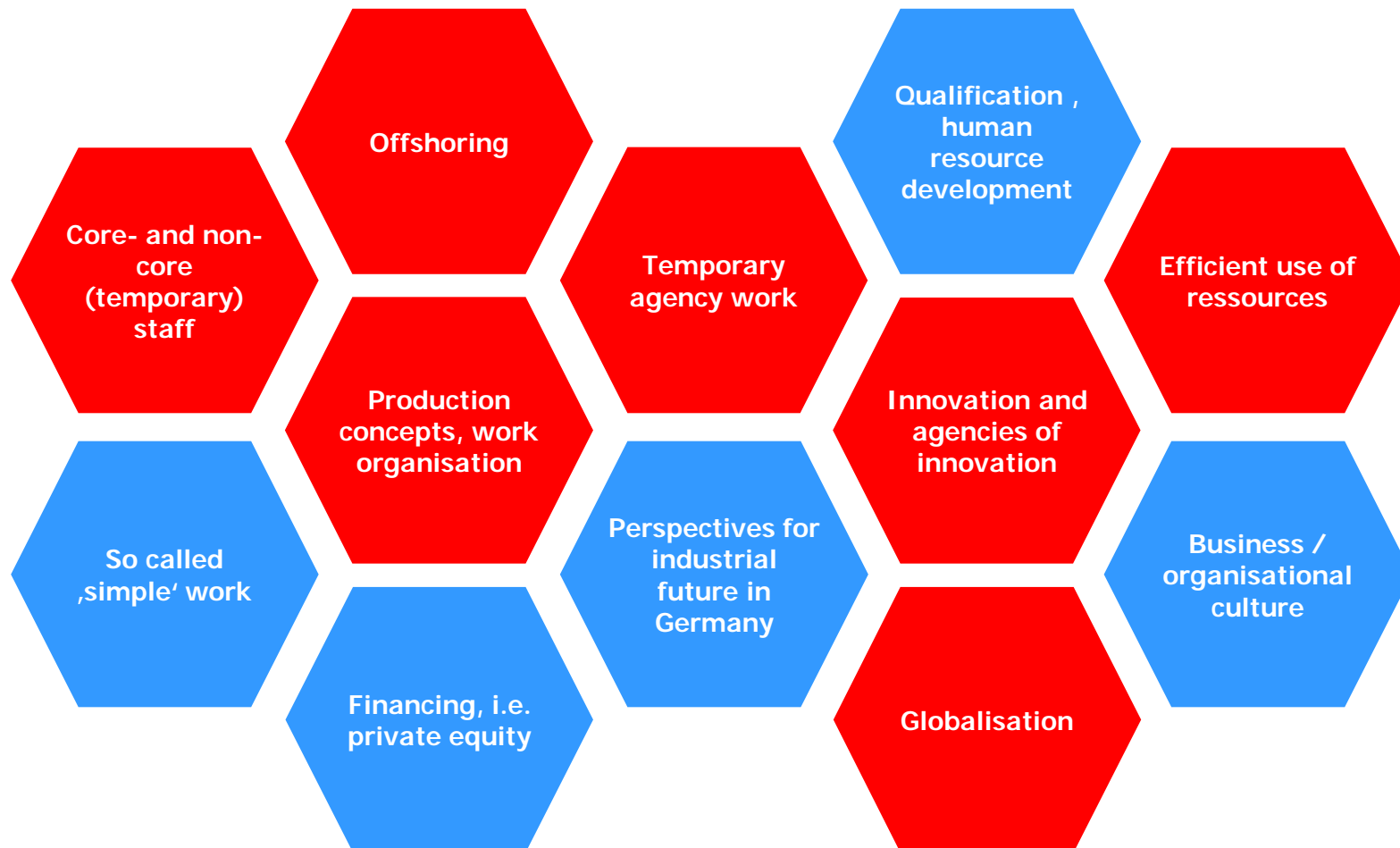
* Colleague coaching = works councils advising each other

Dynamic relationship between practioners and scientists

- Together we are better: Practical experience, know how and problem related questions from works councils are combined with scientific expertise. Both sides are moving towards and learning from each other
- Kind of co-research
 - Defining and pointing relevant subjects and questions
 - Discussing scientific findings
 - Accompanying /realising practical knowhow and experience
 - Forcing action



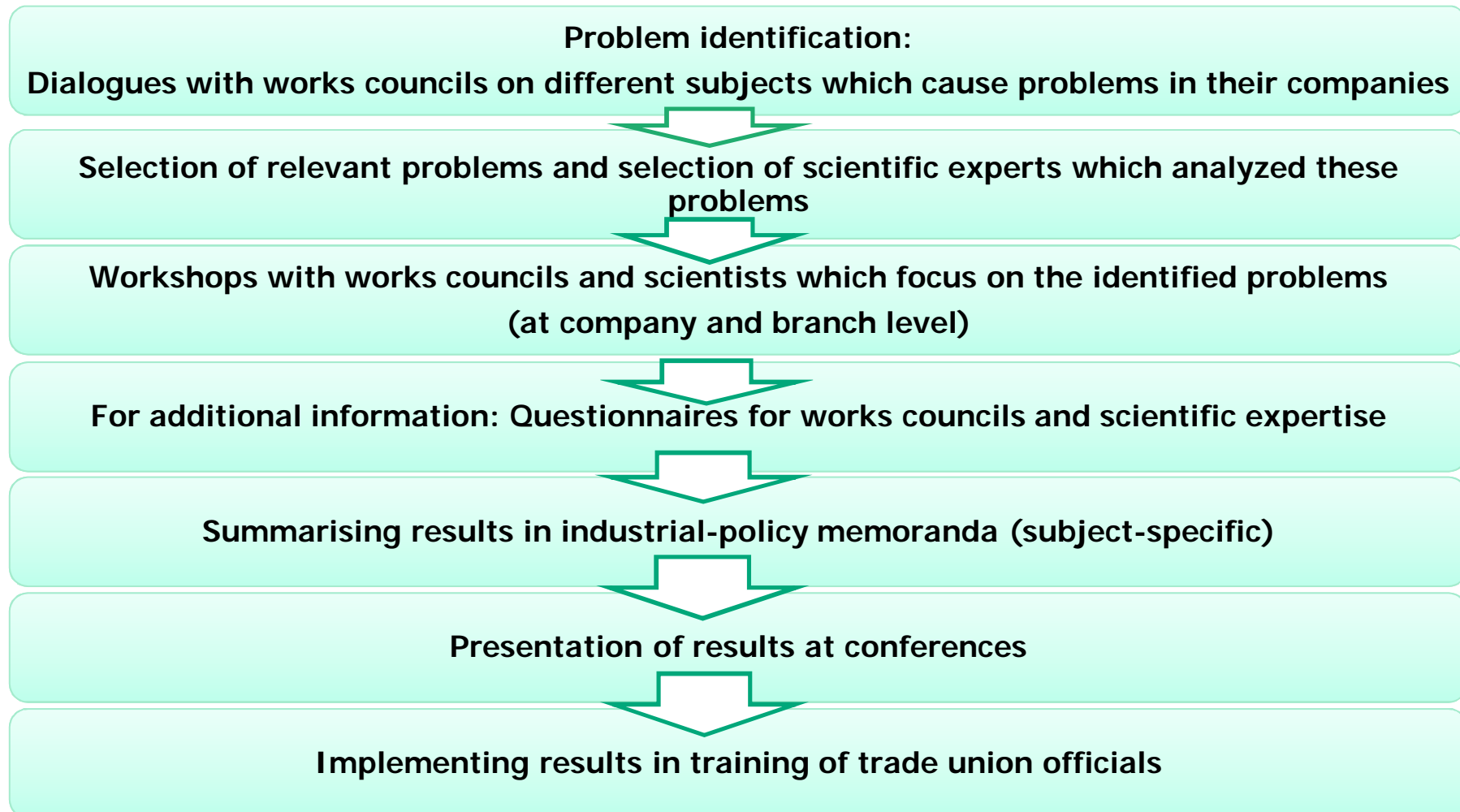
Possible and **executed** fields of action in the project



Methods and procedure – process steps in our project

Steps	Methods and procedure
I	<p>Problem identification: Dialogues with works councils on different subjects which cause problems within their companies Workshops with works councils from different companies</p>
II	<p>Dialogue with researchers: Selection of relevant scientific experts. Workshops with works councils and scientists. Workshops at company level with researchers which focus on the identified problems. Questionnaires for works councils.</p>
III	<p>Transfer, publication strategy – Sustainability of results Summarising the results in an industrial-policy memorandum. Articles, presentations at IG Metall conferences or other trade unions and conferences for the scientific community as well. Implementing results in training of trade union officials. Using results in the policy process (new agenda of industrial policy).</p>

Procedure - process steps in our project



What do works councils need for their daily work?

- **Knowledge-based orientation:** What is the current situation in their company? What are the arguments of management? How can these arguments be evaluated?
- **Standards** for benchmarks between companies or branches
- **Recommendation for actions:** What can be done in the given situation? How can support be organized?
Not: How can the problem be solved by the project team?

Aims of the project Competence and Innovation

- Identifying gaps in knowledge and problem issues.
- Creating conditions for a sustainable application of structures which help to continue the dialogue (developing organisation).
- Organizing the transfer of knowledge and creating networks which enable an exchange based on experience and the search for solutions.
- Creating and supporting a continuing learning process
- Linking the process to the educational activities of the union at national and regional level.

Preconditions

- Dialogue orientation of the stakeholders in the company. (Willing to reconsider measures that have already been taken; accepting new measures for science-supported evaluation)
- Creating new coalitions (find out whether alliances between works councils and local management would be possible, facilitating this process)
- Opening as many different communication channels as possible (different kind of workshops*)

* Workshops at company level; workshops across company borders, workshops between works councils and scientists

Both sides work and learn together

Contribution of the scientists

- Communication: Initializing and ensuring communication about an existing set of problems
- Clarification: Clarifying problems
- Consensus/conflict: Promoting a more rational method of dealing with consensus and conflict processes in the company

Contribution of practitioners

- Experts for work practice at company level
- Experience and know how
- Deeper knowledge of the context, the conflicts and the business culture
- Direct contact to the employees and their needs
- Organising the process of active participation of the employees

Dialogue is a learning process: Creates chances for a deeper understanding of the conditions for the practical implementation of work-oriented concepts

RESULTS

- Better balance between employer and employee interests, more appropriate solutions and a higher commitment.
- In 2009 ca. 2.000 works councils participated in interplant conferences and workshops.
- Dialogue events at shop floor level after the crisis.
- Current subjects which are closely linked: Production systems and globalisation (value chains)
- We try to transfer results in the educational activities of the IG Metall in order to support sustainability
- We organize links in order to facilitate company specific consultancy (Project: Better:Future)

Thanks for your attention and look forward to a good discussion.



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