

**WSI**

Wirtschafts- und Sozial-  
wissenschaftliches Institut

Das WSI ist ein Institut  
der Hans-Böckler-Stiftung

# DECENTRALIZATION OF COLLECTIVE BARGAINING: THE CASE OF GERMANY

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**Prof. Dr. Thorsten Schulten**

**DECOBA Project Workshop**  
20 February 2017, Brussels



# Content

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1. General Trends in German Collective Bargaining
2. Decentralisation of Collective Bargaining
3. Three Case Studies: Chemicals, Metal Industry and Private Services
4. Conclusion & Outlook: Future of German Collective Bargaining

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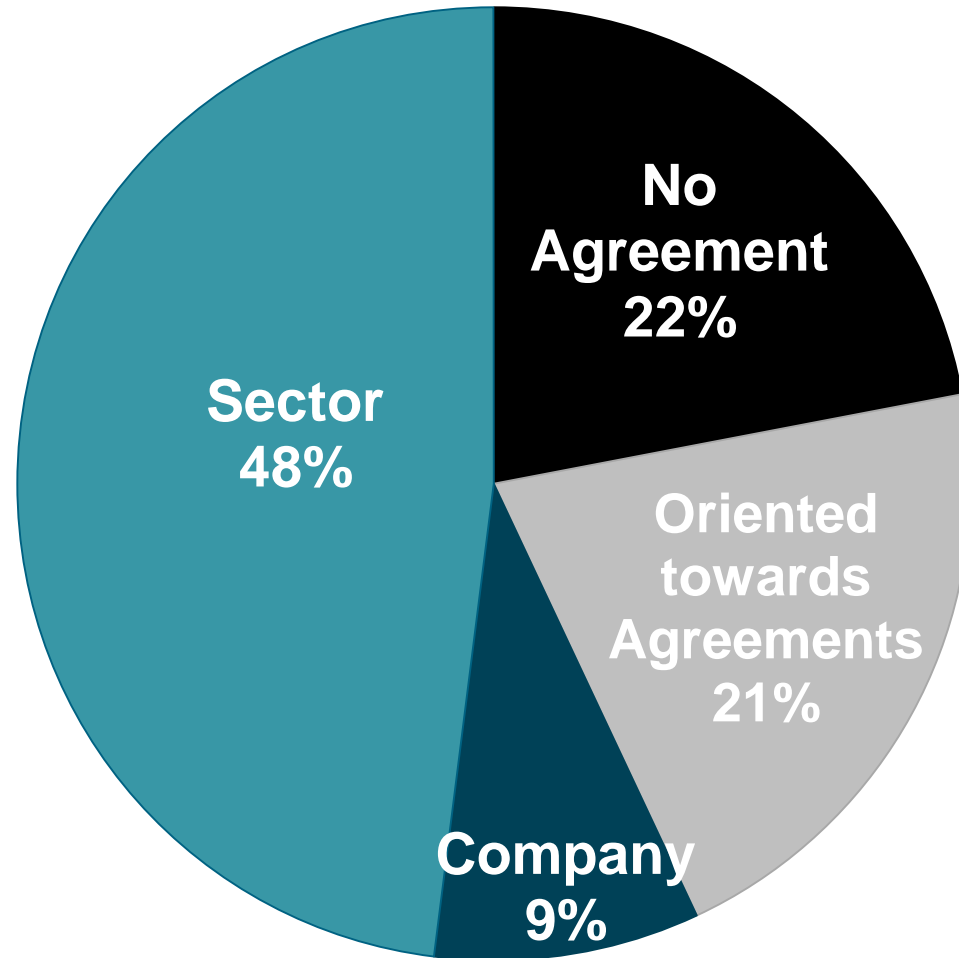
# 1. GENERAL TRENDS IN GERMAN COLLECTIVE BARGAINING

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# Collective Bargaining Coverage 2015

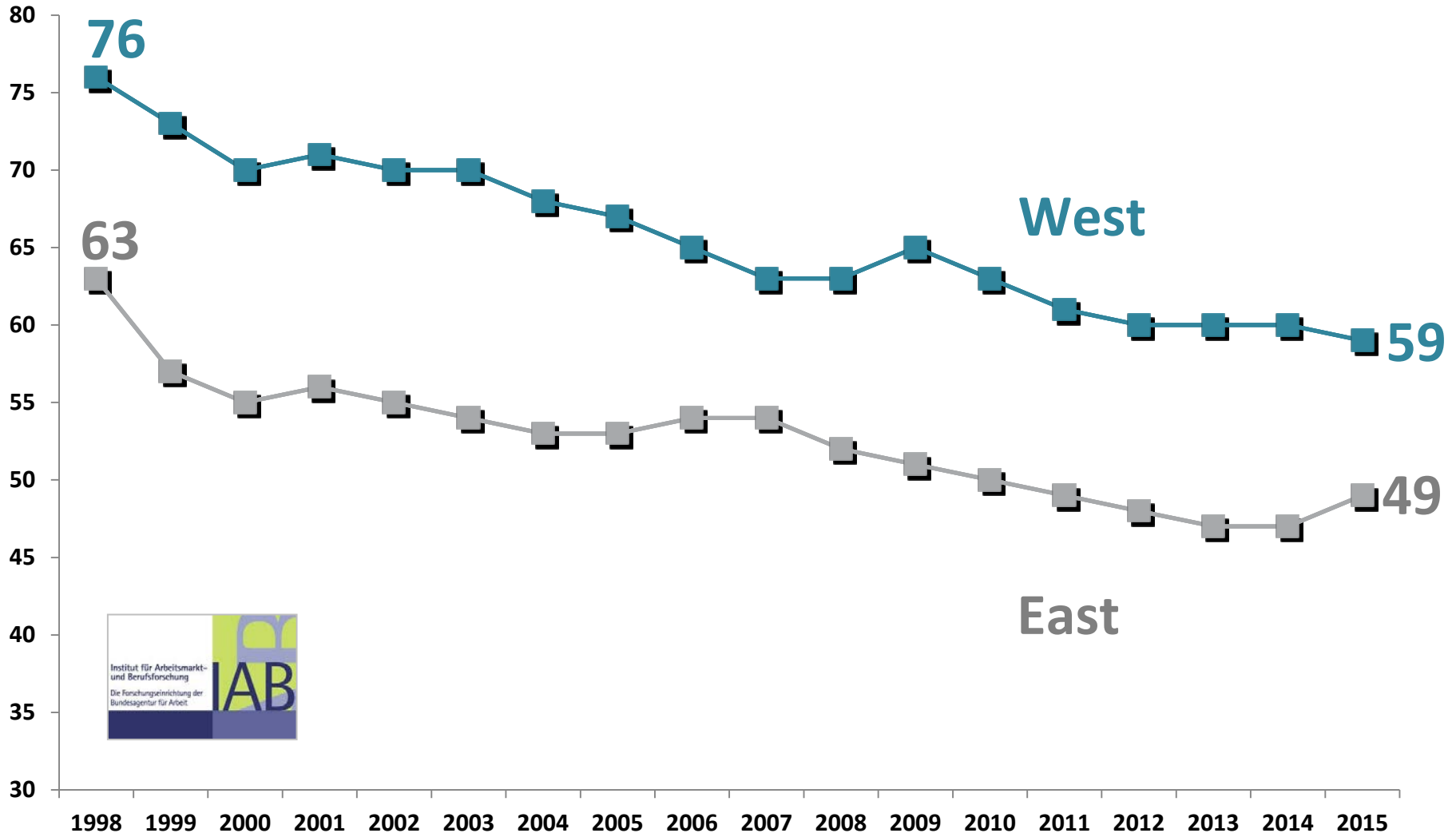
in % of workers covered by agreements

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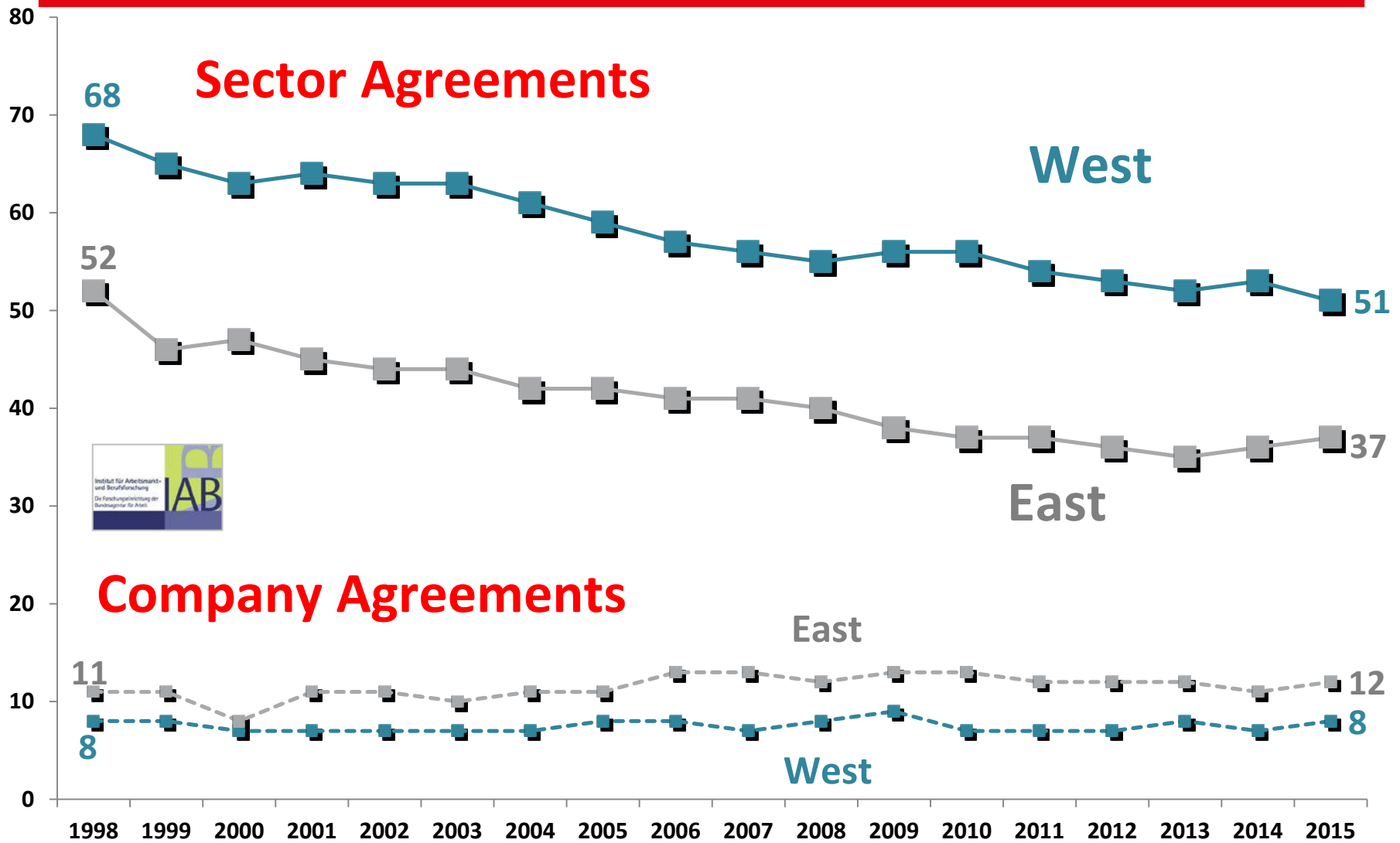
# Collective Bargaining Coverage 1998-2015

in % of workers covered by agreements



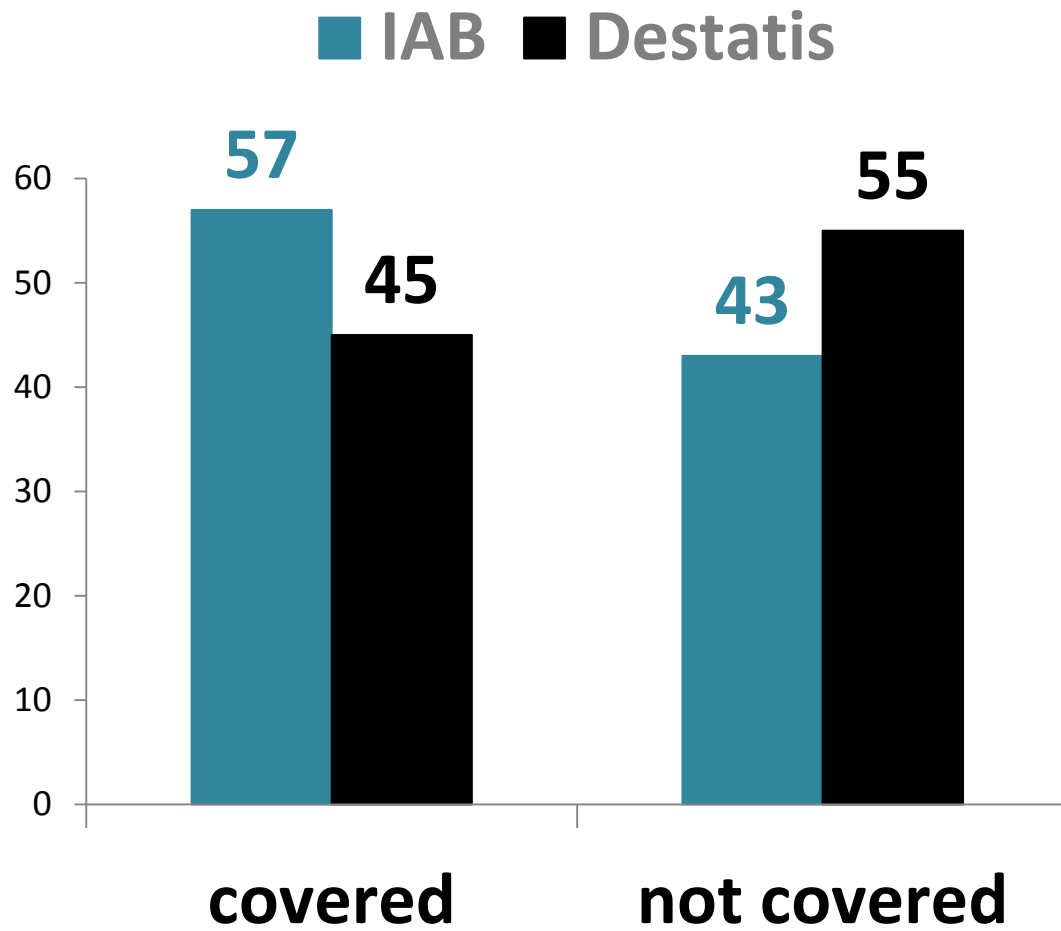
# Collective Bargaining Coverage 1998-2015

in % of workers covered by agreements



# Collective Bargaining Coverage 2014/2015

in % of workers covered by agreements



**STATIS**  
Statistisches Bundesamt

**Establishment  
Panel**

**16,000**  
Establishments

Annual

**Representative Survey with  
Establishments of all Sizes**

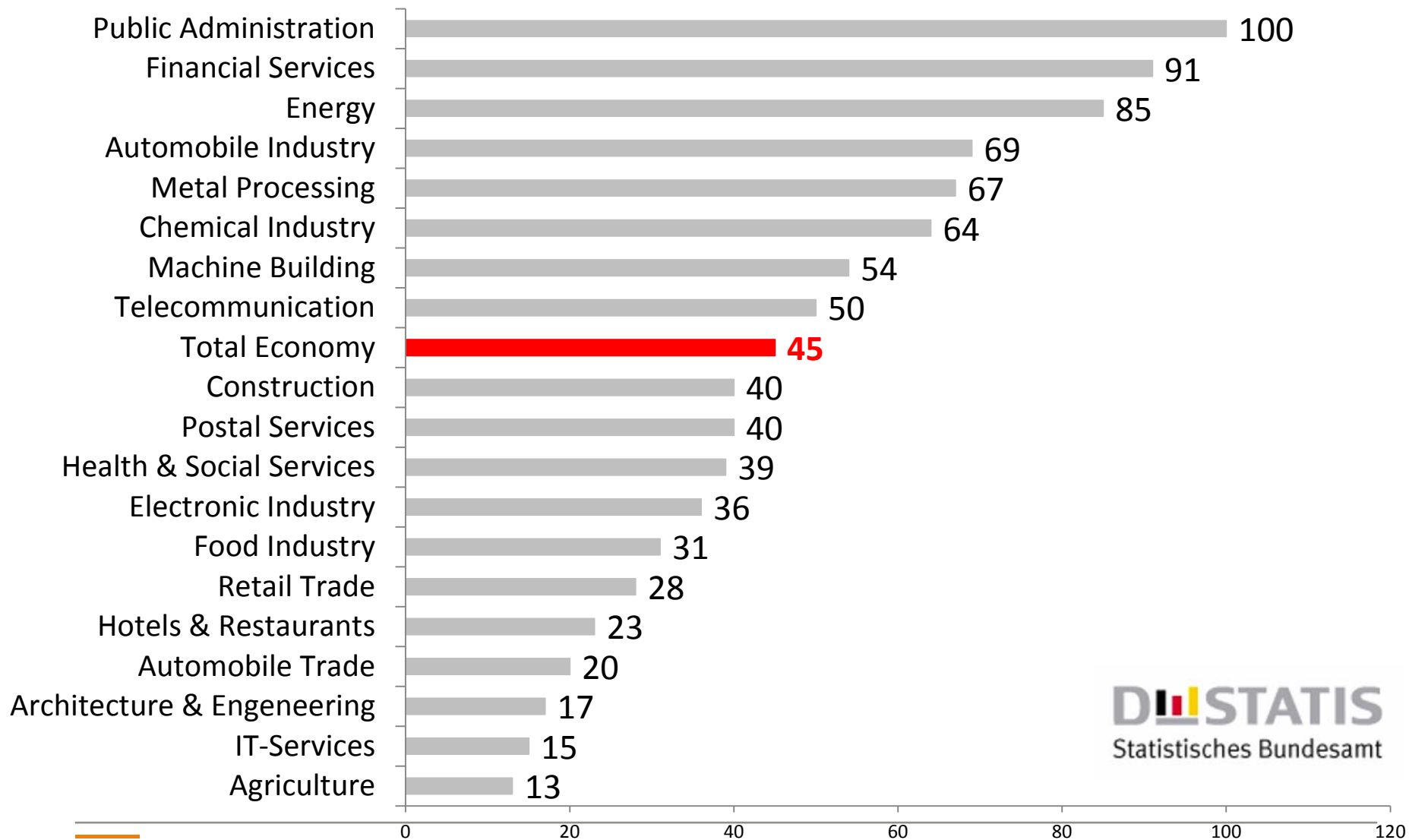
**Structure of  
Earnings  
Survey**

**60,000**  
Establishments

Every four  
years

# Collective Bargaining Coverage 2014

## in % of workers covered by agreements





# General Trends in German Collective Bargaining

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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

# General Trends in German Collective Bargaining

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## 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.

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## 2. DECENTRALISATION OF COLLECTIVE BARGAINING

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# Decentralisation of Collective Bargaining

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## 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**

# Decentralisation of Collective Bargaining

Since the Mid-1990s

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## 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

# Decentralisation of Collective Bargaining

## **Opening Clauses in Sectoral Agreements**

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### **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 !

# Decentralisation of Collective Bargaining

## **Content and Procedures of Opening Clauses**

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### 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



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# 3. THREE CASE STUDIES: CHEMICALS, METAL INDUSTRY & PRIVATE SERVICES

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# Chemical Industry

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## Opening clauses:

### Working time (1994)

- Corridor: Reduction/Extension from 37.5 hours down to 35 hours or up to 40 hours

### Annual bonus (1995)

- Reduction or Postponement

### Wages (1997)

- Reduction of up to 10%

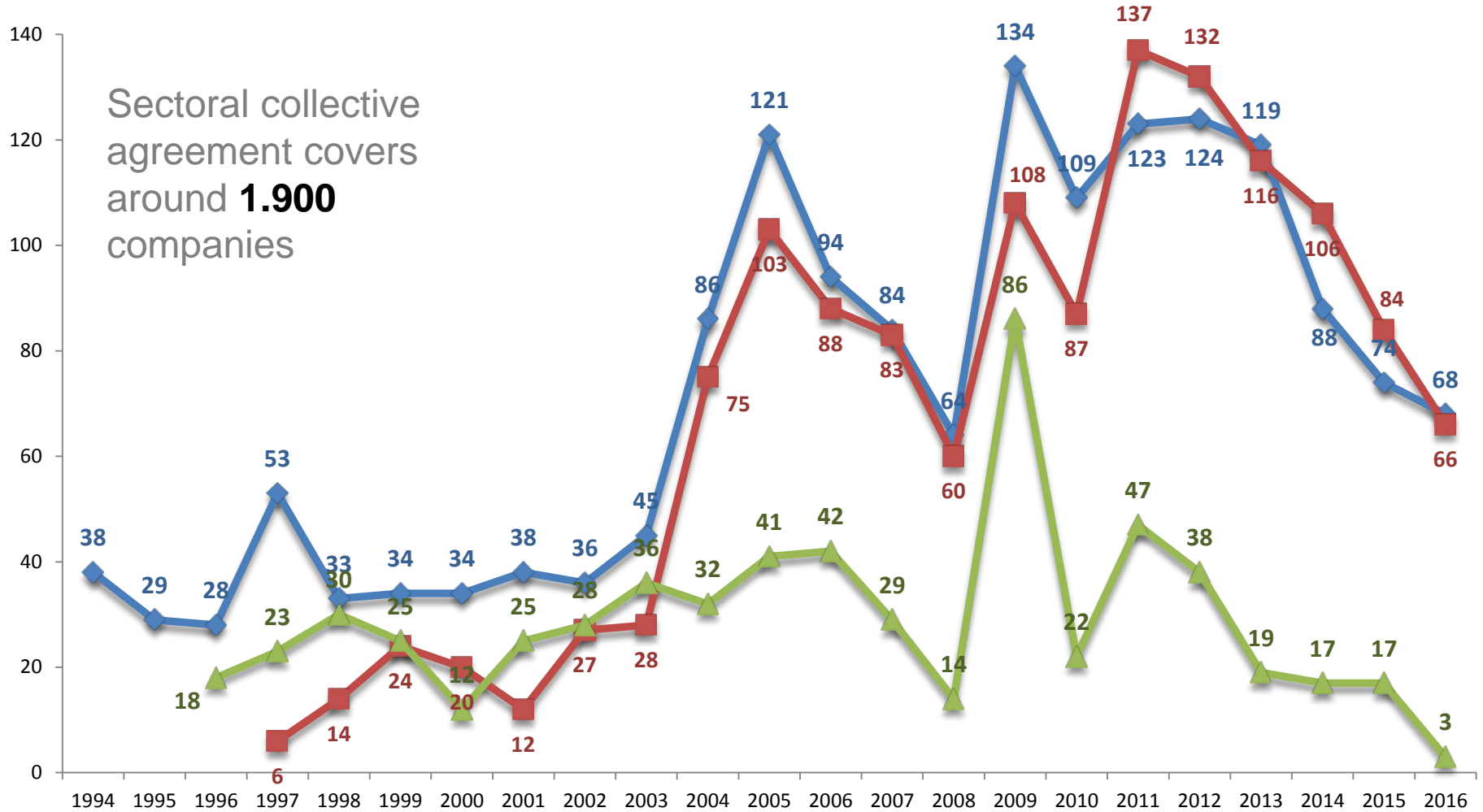
## Procedure:

- Company parties apply
- Unions & employers' associations decide



# Use of Opening Clauses in the Chemical Industry

## Number of companies, 1994-2016



Source: WSI Collective Agreement Archive

◆ Working time

■ Wages

▲ Annual bonus

# Metal industry

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## Opening clauses:

- **Working time flexibility** (1984ff.: )
- **Hardship clauses** (1993 in East Germany)
- **Temporary working time reductions**  
in exchange for job security Mid-1990s:
- **Accord of Pforzheim** (2004)  
General opening clause with specific procedural rules

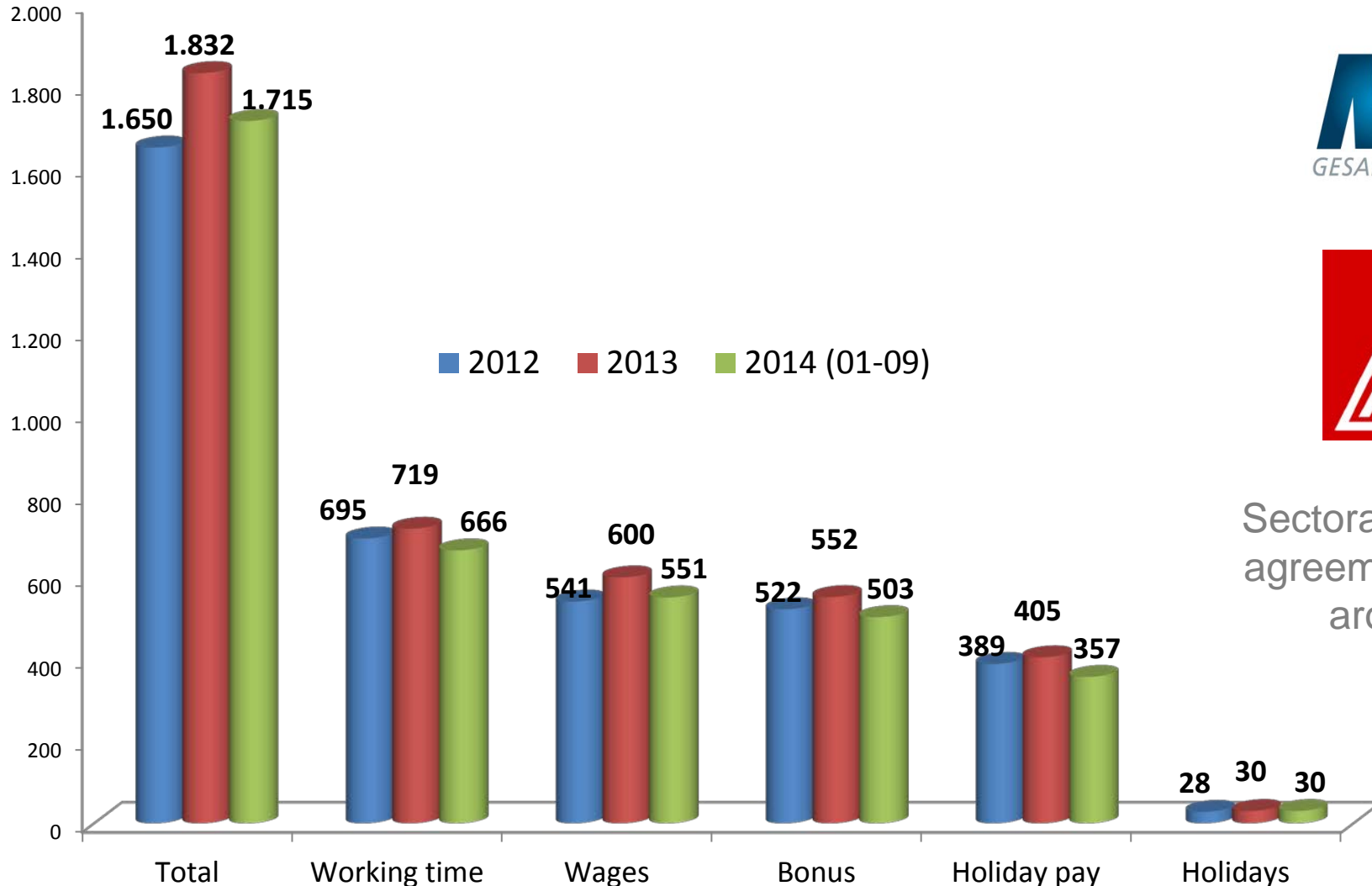


## Use of Derogations (2014):

- In **49%** of the companies covered by a sectoral agreements
- affecting **60%** of the employees  
and **65%** of the union members

# Metal industry

## Derogations from Collective Agreements

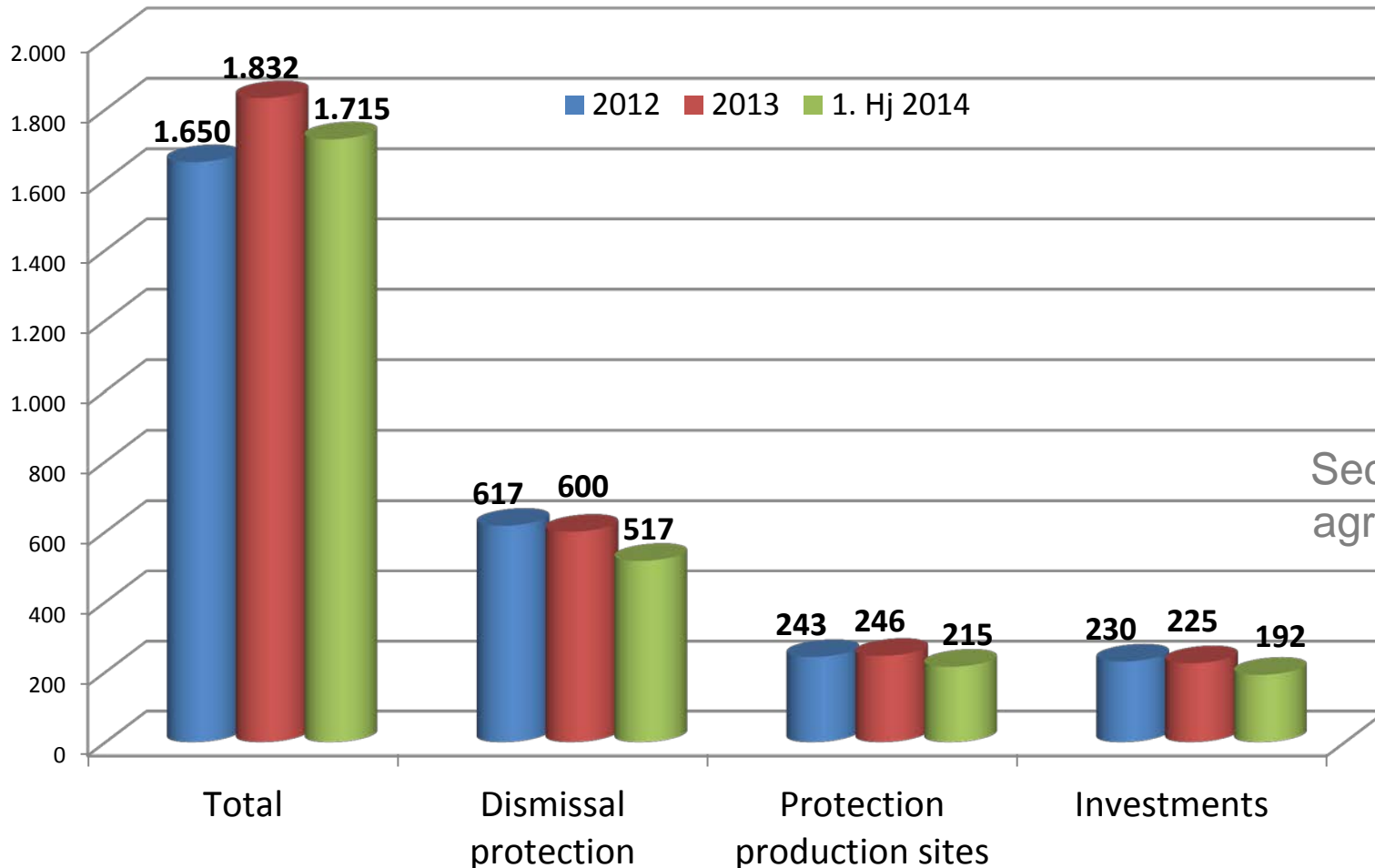


Sectoral collective agreement covers around **3.500** companies

# Metal industry

## Derogations from Collective Agreements

Quid pro quo:



Sectoral collective agreement covers around **3.500** companies

# Service sectors covered by ver.di

## Derogation agreements

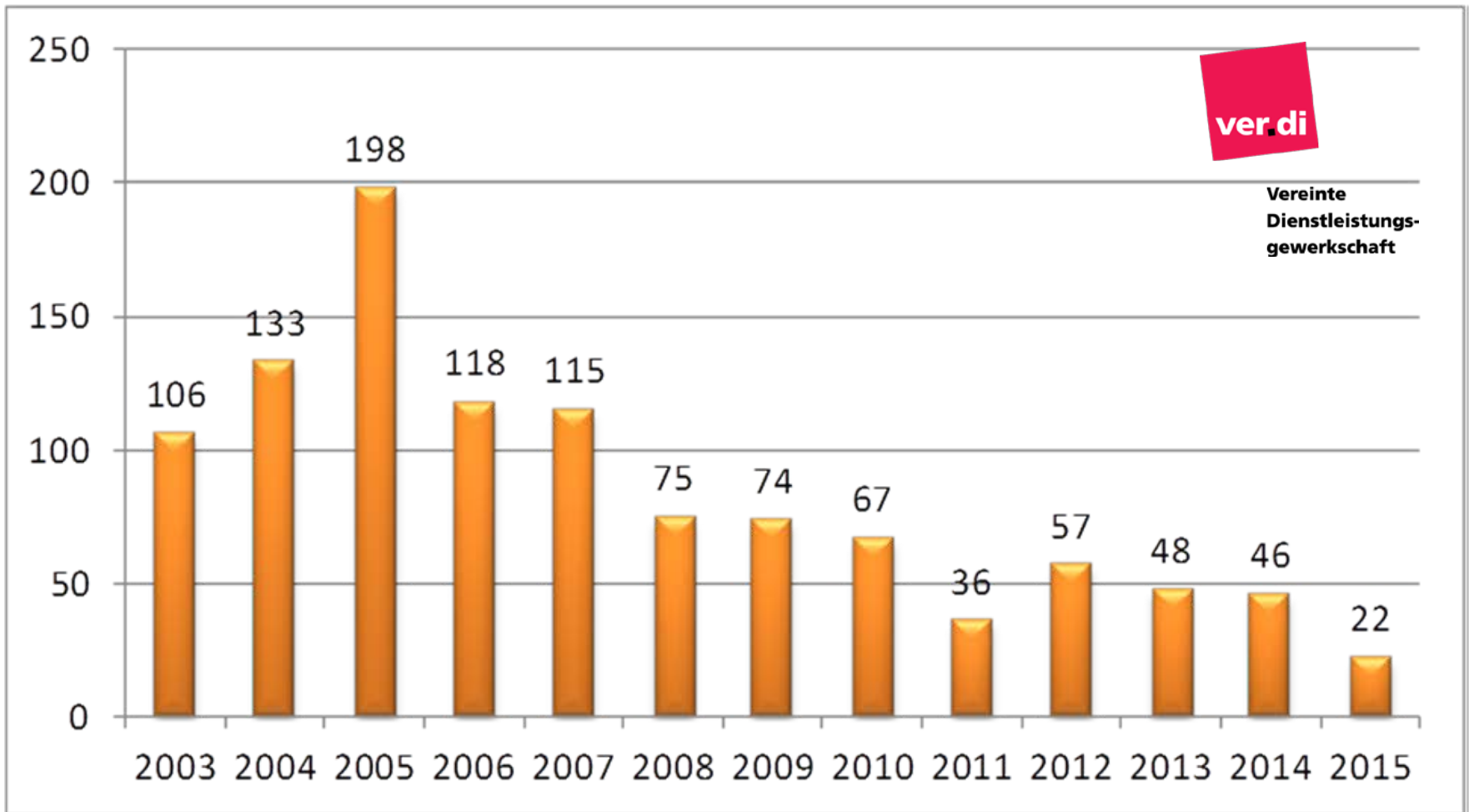
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- **Different Regulations** in the various service sectors
- Local bargaining units have to apply for derogations
- Control of derogation agreements by a “**clearing authority**” at ver.di national collective bargaining department
- **Final decision** by the national executive board of ver.di

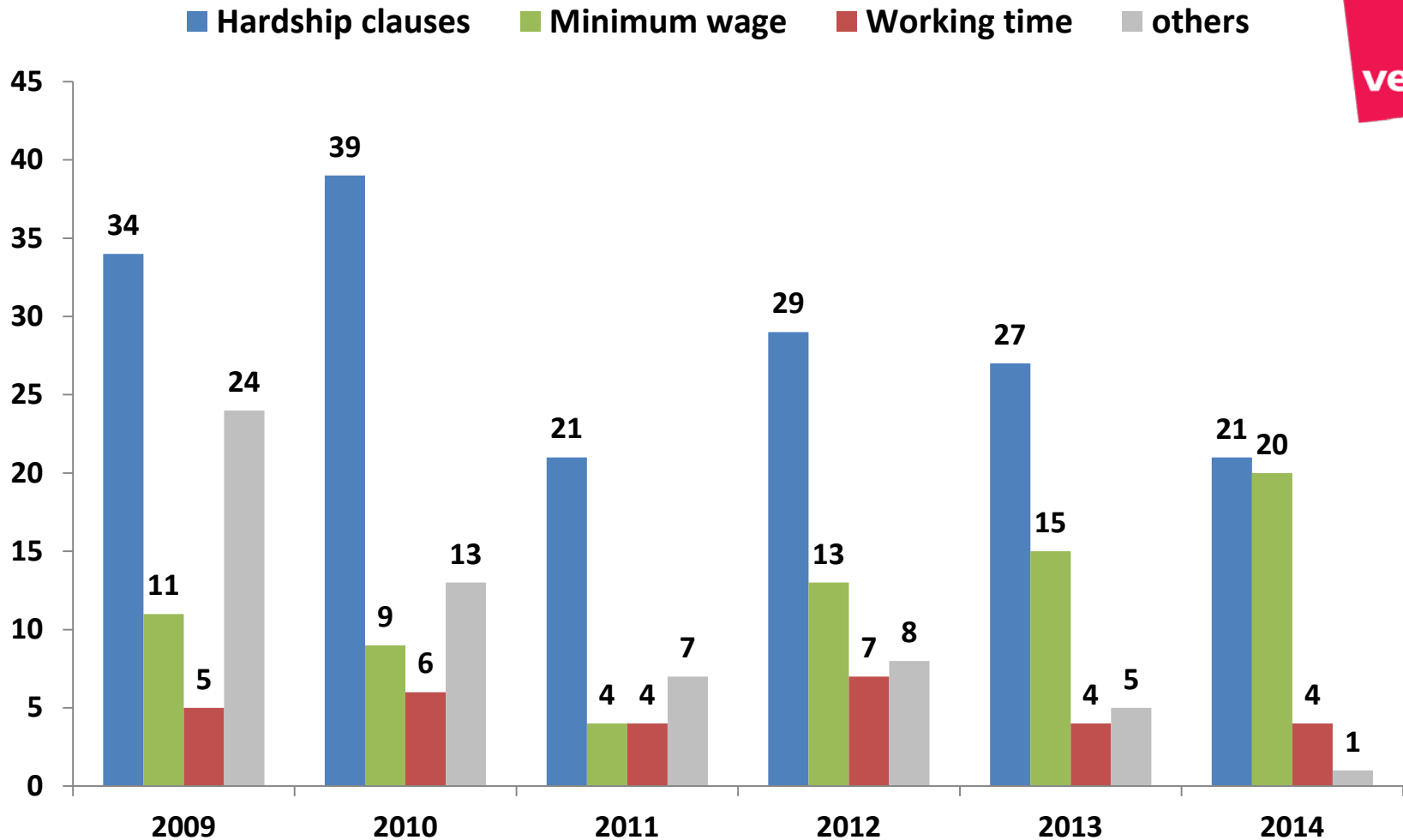


**Vereinte  
Dienstleistungs-  
gewerkschaft**

# Derogation agreements in the service sector approved by ver.di clearing department



# Derogation agreements in the service sector approved by ver.di clearing department





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# 4. CONCLUSION & OUTLOOK: FUTURE OF GERMAN COLLECTIVE BARGAINING

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# Use of Derogations

in % of companies



Source: WSI Works Council Survey

# **Conclusion:** Decentralisation of German Collective Bargaining

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## **Opening Clauses are ...**

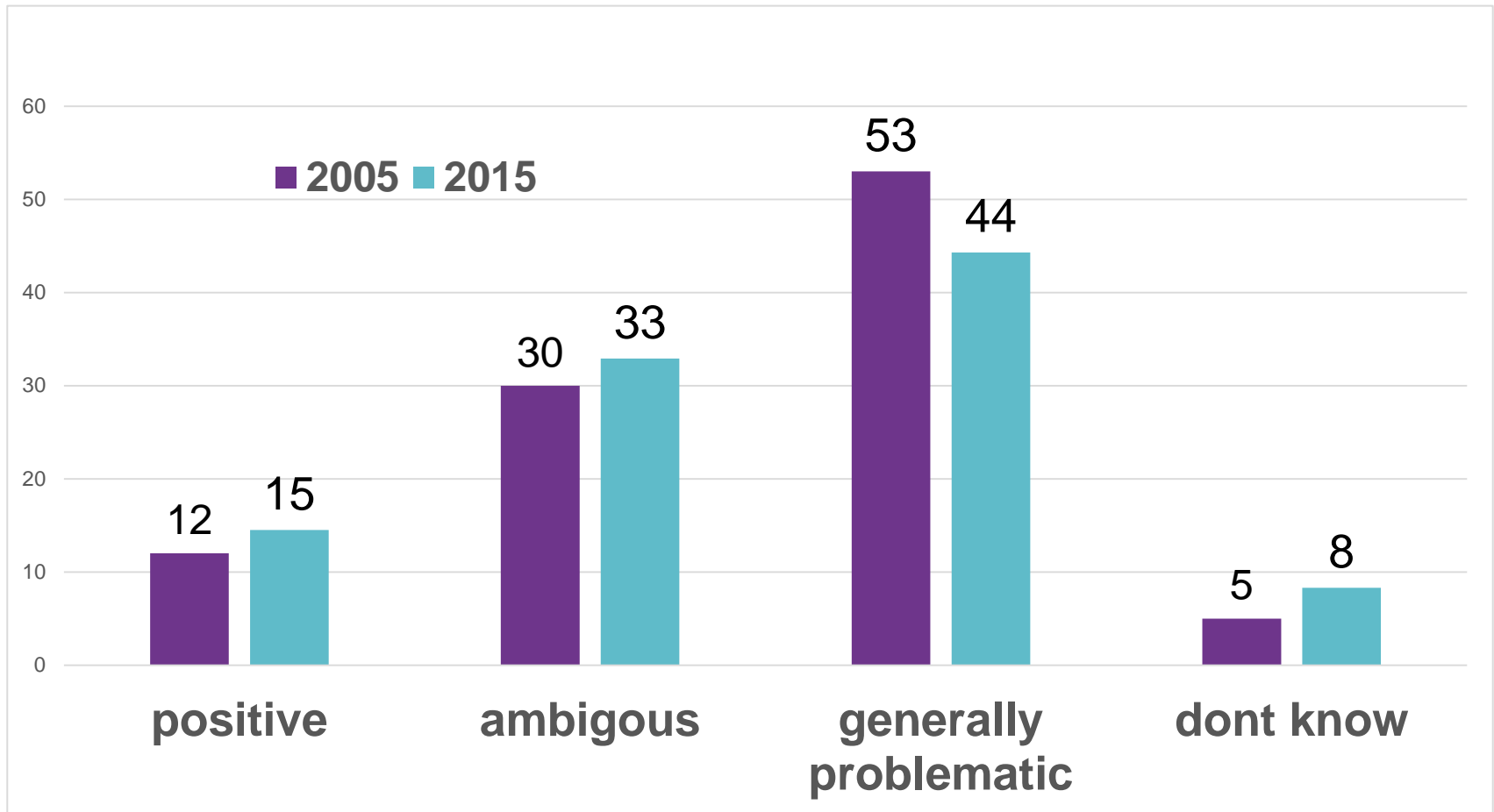
- an established fact
- used by around one fifth of the companies covered by collective agreements
- more widespread in larger than smaller companies
- more wide spread in manufacturing than services

## **But ...**

- are continuously regarded with scepticism by workers' representatives
- are of limited importance and have not prevented further decline of bargaining coverage

# View of the works councilors

Decentralisation of collective bargaining is regarded as ...

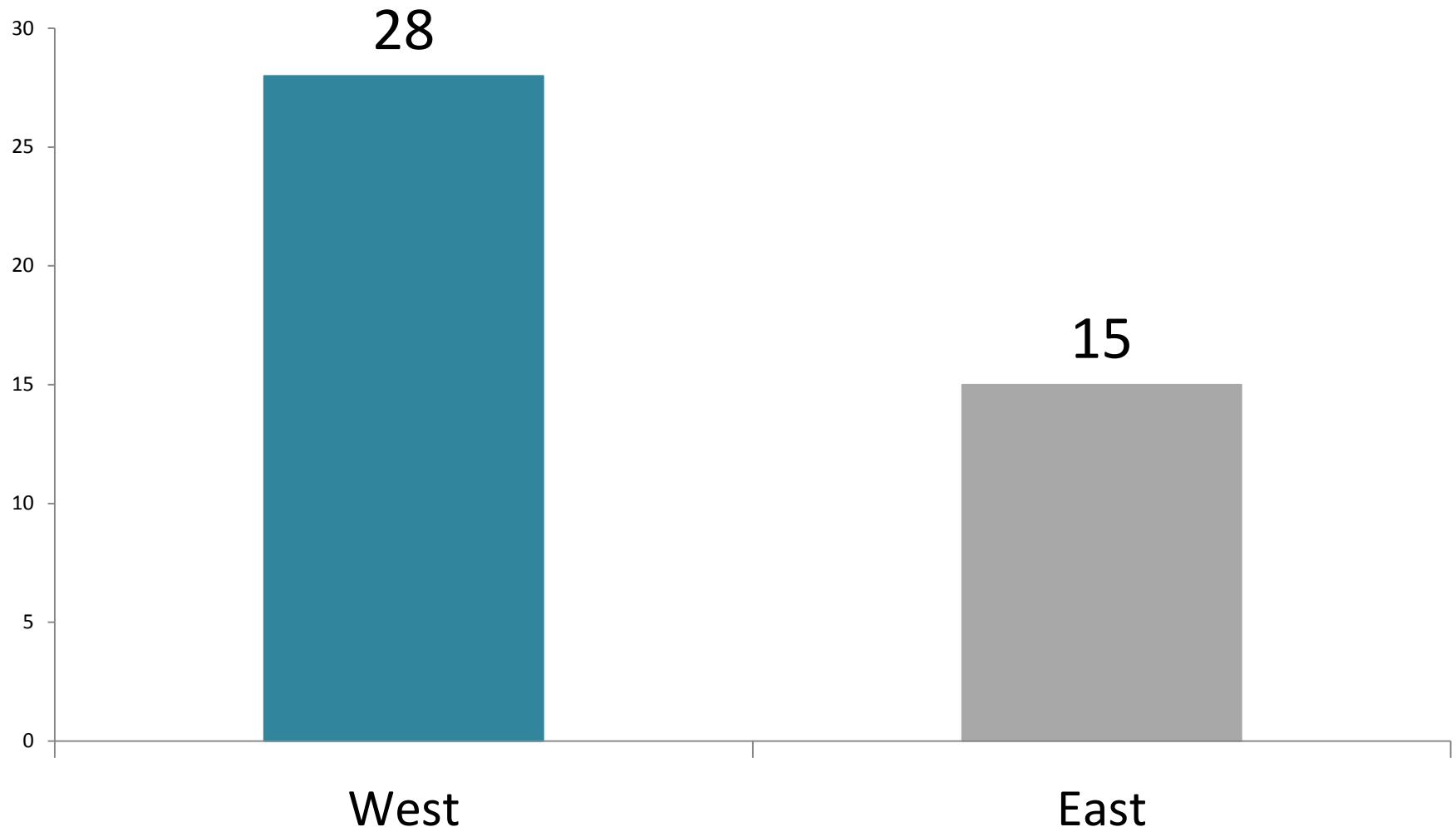


Source: WSI Works Council Survey

# Shrinking core of the German model:

in % of private sector workers covered by both sectoral collective agreements and a works councils

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# WSI Collective Agreement Archive

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**WSI Collective Agreement Archive**

## ABOUT US

As the principal information centre on trade union policy on collective bargaining, the main task of the WSI Collective Agreement Archive is to track and analyse developments concerning collective agreements.

Besides publishing a **monthly status reports** on current agreements, the Archive also produces special analysis. The Archive has an internet website providing access to information on specific collective agreements and giving overviews of developments pertaining to collective agreements in all the major sectors. Every year the Archive publishes an **annual report** on current collective bargaining policy developments and a **"Statistical Pocketbook on Collective Bargaining"** with up-to-date informations and many longer time-series.

**WSI COLLECTIVE BARGAINING REPORT GERMANY 2015**

Collective bargaining in 2015 was characterised by a number of hard-fought industrial disputes. These took place in negotiations to secure a major upgrading of the status and terms of staff in social and childcare services, the conflict at Deutsche Post AG over the company's attempt to lower agreed pay rates for delivery staff in newly-established regional subsidiaries, and, not least, the dispute between Deutsche Post AG and the German postal workers' union (DBP-Gewerkschaft).

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Many Thanks  
for your  
Attention !



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[www.tarifarchiv.de](http://www.tarifarchiv.de)