

Intergenerational Bargaining
National Report Germany

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1 Introduction

Collective bargaining in Germany has always dealt with a wide variety of topics and issues, ranging from wages and pay structures to working time and working conditions, occupational health and safety and vocational training. All these and many more topics are subject to collective agreements, mostly on a regional and sectoral level. In the last decade or so, the “master trend” of demographic change has increasingly entered the realm of collective bargaining and industrial relations. Meanwhile, it is no longer seen as an abstract and distant problem for the welfare state and the society as a whole, but as a rather concrete challenge for the German economy and for the German companies. In face of the ongoing discussions about “greying workforces” and impending “skilled labour shortages”, the task of managing demographic changes in a pro-active manner has become one of the most important new fields of bargaining between the social partners in Germany.

Demography- related issues affect younger as well as older workers. The frequently expressed imperative to prolong the working life in line with the rising life expectancy is connected to a vast range of questions concerning the organization and the design of working conditions and working life in general. Concepts like “lifelong learning” and “active ageing” require a new, forward- looking and life-cycle oriented perspective (Klammer et al. 2008). In this regard, the demographic challenge opens new opportunities for innovation in the field of collective bargaining. Following these considerations, the present country report for Germany is based on the central observation that in the last years, the most innovative and promising practices of systematically linking collective bargaining for younger and older workers in an integrative, “holistic” way in Germany are connected to the concept of *demography-related* collective agreements (*Demografietarifvertrag*). These new kinds of collective agreements have emerged only recently; meanwhile, they can be found in different sectors and also on the level of single companies. The present report on intergenerational bargaining in Germany aims to illustrate the innovative potential of integrated, life-course oriented approaches to collective bargaining as a way forward for the social partners (employers, unions and works councils) to find win-win solutions in managing demographic change and shaping “good” work biographies.

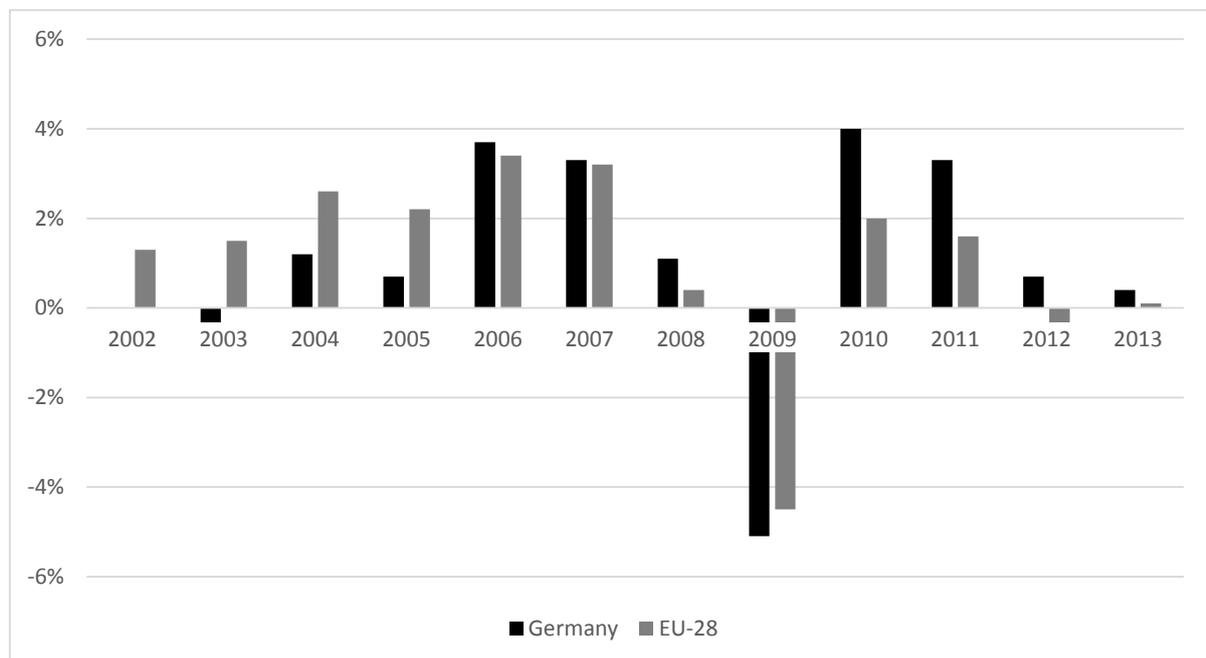
The report is structured as follows: First, a brief statistical overview about the current economic and employment-related situation in Germany will be given (section 2.1). Sections 2.2 and 2.3 focus on the recent developments in collective bargaining for younger and for older workers, respectively. Section three starts with a brief explanation of the concept of demography- related collective agreements (3.1) and then proceeds to analyse the diffusion of this concept in three different German sectors: The metal and electrical engineering sector (3.2), the chemical sector (3.3) and the railway sector (3.4). Each sectoral analysis contains a company case study which could be regarded as a “good practice” case. Section 4 summarizes some of the main results and gives an outlook on future developments. The key message of the present report is that demography- related and life course- oriented collective bargaining is a very promising approach for simultaneously improving the employability of younger and older workers and at the same time improving the long- term economic performance of the companies that engage in forward- looking life course policies.

2 Younger and older workers in the German labour market

2.1 Recent developments of the German labour market

Currently, Germany's economy is experiencing the best times since German reunification in 1990. Whereas the negative GDP growth in the crisis year 2009 was similar to that experienced by other European countries, Germany's economy has recovered rather rapidly from the great recession, with comparatively high GDP growth rates especially in 2010 and 2011. Even in 2012 and 2013, GDP growth was significantly higher than in EU-28 average.

Chart 1: GDP growth rate



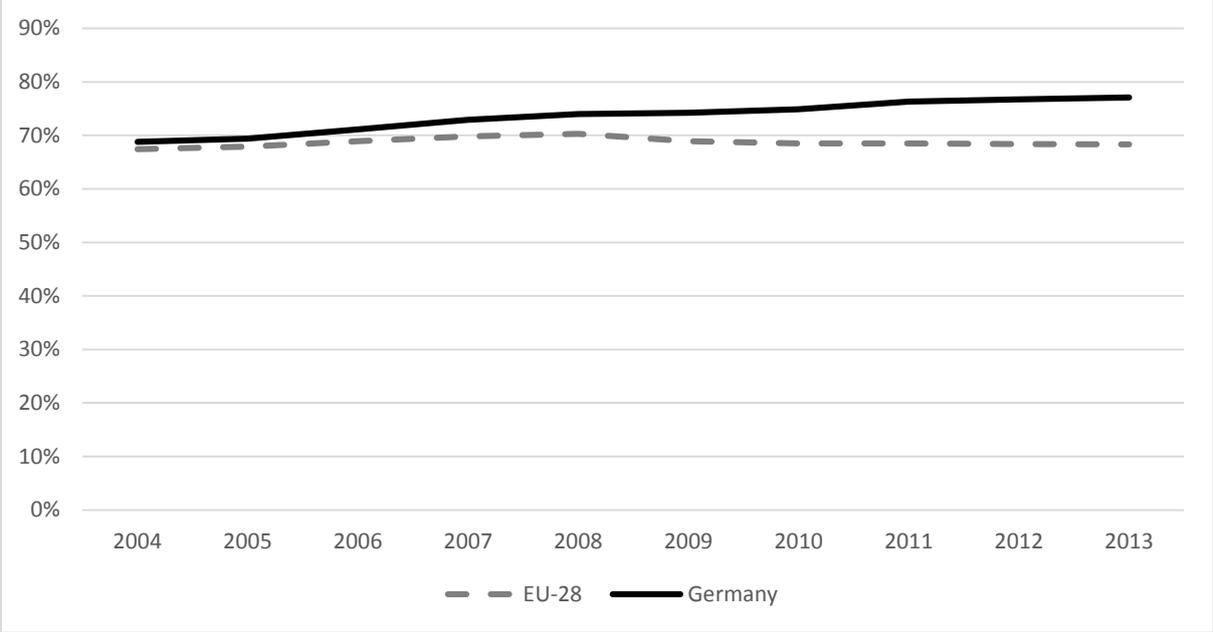
Source: Eurostat [tec00115]

The German labour market performance has improved magnificently since 2005, the year with the highest average unemployment rate in German history (Walwei 2014). The German labor market has shown a remarkable resilience to the crisis: Neither general nor youth unemployment rates have gone up dramatically. Instead, employment rates have continued to grow in Germany throughout the global financial crisis. In 2014, Germany's labour market continues to perform remarkably well in comparison with other major developed economies.

The total employment rate in Germany has risen strongly in the last decade. While there had been a stagnation in the 1990s and the first half of the 2000s (from 68,9% in 1992 to 68,4% in 2003), the employment rate has been continuously rising since 2004, reaching 77,1% in 2013 (EU-28: 68,3%). While the total employment rate has risen 8,3 percentage points in the last ten years, female employment has risen by 9,7 percentage points and male employment has risen by 7 percentage points. Since 2011, Germany has already reached the general "Europe 2020" target employment rate of 75%; since 2013, Germany has reached its own, more ambitious target employment rate of 77%. In 2013, Germany has the second highest employment rate in the European Union, outperformed only by Sweden (79,8%). Male employment was at 81,9% in 2013, this is 7,7 percentage points above EU

average (74,2%). Female employment was at 72,3% in 2013, 9,8 percentage points above EU average (62,5%). Meanwhile, Germany has the third highest female employment rate in the EU, outperformed only by Sweden (77,2%) and Denmark (72,4%).

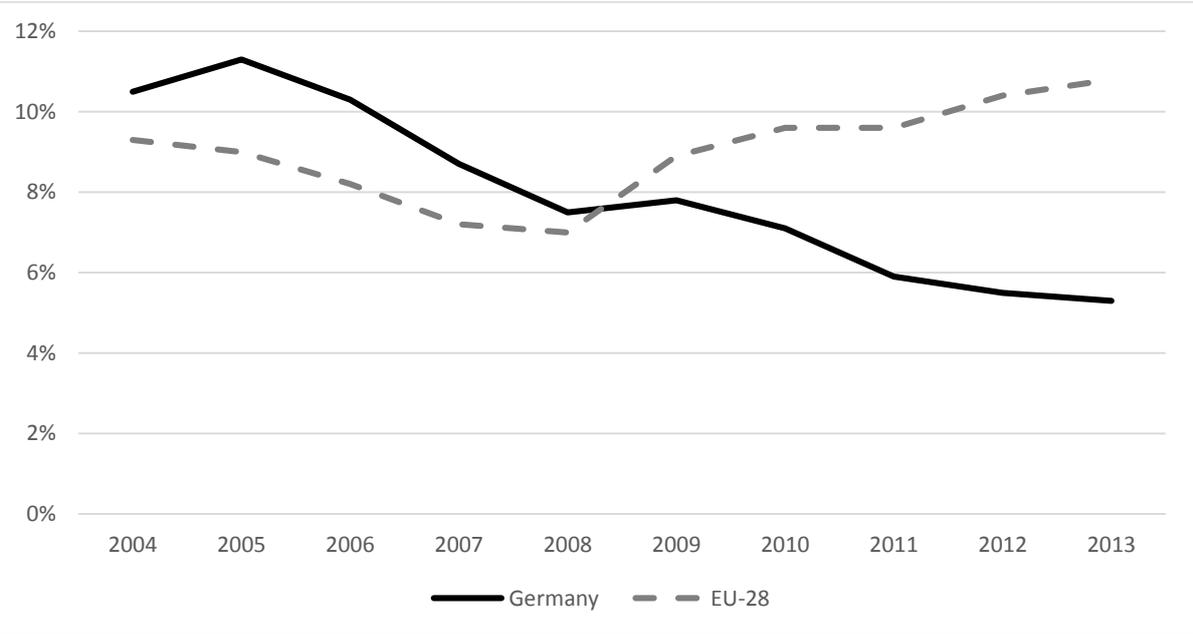
Chart 2: Employment rate, age group 20-64



Source: Eurostat [t2020_10]

Since 2005, when it reached its all-time maximum value of 11,3%, the unemployment rate has decreased continuously. In September 2014, the seasonally adjusted total unemployment rate was 5,0% (men: 5,4%, Women: 4,6%), compared to 10,1% in EU-28.

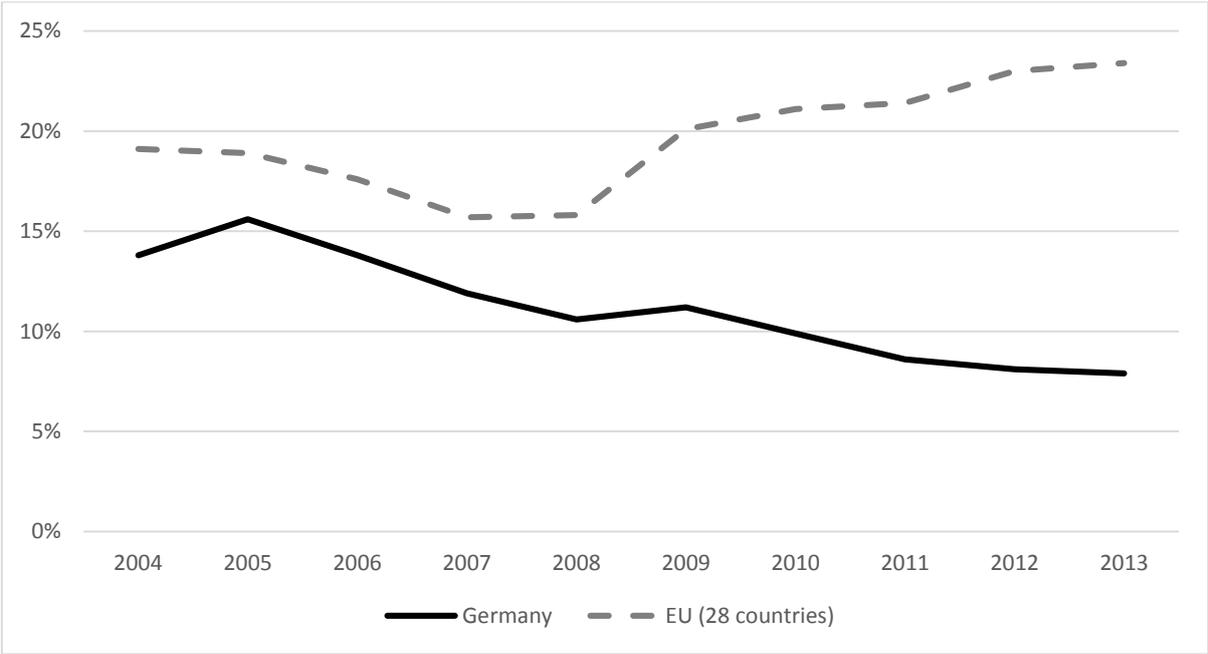
Chart 3: Unemployment rate (total), annual average



Source: Eurostat [une_rt_a]

Unlike many other European countries, especially the southern ones, Germany has hardly been affected by rising youth unemployment during the crisis. Parallel to the general unemployment rate, the youth unemployment rate in Germany has fallen significantly in recent years. Currently, Germany has the lowest jobless rate among young people of all European Union member countries: in September 2014, the youth unemployment rate was 7,6%, compared to 21,4% in EU-28 average. Youth unemployment in Germany is slightly more pronounced for men (8,1%) than for women (7,0%).

Chart 4: Youth unemployment rate (age group 15-24)



Source: Eurostat [tsdec460]

Although the problem of youth unemployment in Germany has eased noticeably, strong regional differences are still evident. In 2012, the youth unemployment rate in East Germany was 10,3% - almost twice as high as the rate in West Germany (5.5%). In a comparison of the German *Länder*, Berlin has the highest youth unemployment rate at 13,8%, while Bavaria and Baden- Württemberg have a youth unemployment rate of about 3% only (Brenke 2013).

Over most of the 1990s and 2000s, demand for training places in the German training-place market had exceeded supply. But since 2007, the demand/supply ratio has been slowly improving and the gap between trainee positions and applicants has been closing. However, this positive development is not so much due to structural improvements on the supply side (more companies offering vocational education and training places); in fact, the number of offered VET places in the dual system has been stagnating and even slightly decreasing in the last years. In addition, the share of companies that engage in vocational education and training in the dual system is slightly decreasing (from 24% in 2009 to 21,3% in 2013). Thus, the main reason for the improved supply/demand ratio lies in reduced demand. Two developments are relevant here: First, the declining number of school leavers due to demographic developments has significantly contributed to calming down the situation on the training-place market. Some experts even argue that demographic change is the main factor for explaining the drop in youth unemployment (Brenke 2013). A second development that contributes to a change of the

supply/demand ratio in the training-place market is the fact that more and more young people opt for a university education instead of opting for vocational training, thereby contributing to a lower demand for training places.

Despite the currently rather positive overall situation of youth employment, some specific problems related to the training-place market and the school-to work transition remain largely unsolved. In the last years, growing difficulties of matching supply and demand in the German training-place market in terms of profession, region and skill requirements can be observed. According to the annual “Report on Vocational Training and Education 2014” (Berufsbildungsbericht 2014) of the Federal Ministry of Education and Research, tackling these matching problems is one of the key challenges for the next years. Currently, Germany’s training-place market is experiencing an apparently paradoxical situation: On the one hand, the number of unplaced applicants registered at the Federal Employment Agency is increasing (2009: 15.500, 2013: 21.000); on the other hand, the number of registered unfilled vocational training places is increasing, too (2009: 17.300, 2013: 33.500). Many companies complain that they don’t find appropriate and sufficiently skilled applicants for their VET places; there are increasing public and corporate complaints about adolescents’ insufficient maturity for training. Employer representatives in particular claim that many applicants for apprenticeships lack the necessary level of trainability after leaving school and therefore need further preparation before starting training in the regular VET system.

A major issue of the German vocational training system is that early school leavers and vulnerable groups of youths with weak school leaving certificates still face strong difficulties to access the dominant VET system. This is particularly problematic as the lack of a vocational degree is directly related to a high risk of persistent labour market instability and exclusion. Even more so than in many other countries, in Germany labour market chances of non-academic young workers highly depend on access to VET. It can be said that the main separating line on the German labour market runs between those workers with a vocational degree and those without (Kohlrausch 2012): In 2010, the unemployment rate for young people without a vocational qualification was almost 30%, and more than half of unemployed young people had no vocational qualification (Brenke 2013: 8). Thus, access to VET is the most decisive gatekeeping factor when it comes to future labour market chances.

In 2013, around 51,4% of the approximately one million young people that newly entered the vocational training system have enrolled in apprenticeships (*Duales System*), while 21,9% have enrolled in school-based VET programs (*Berufsschulsystem*); 26,6% did not manage to get an apprenticeship position or a place in a vocational school in this year and therefore had to participate in the prevocational training measures of the so-called “transition system” (*Übergangssystem*), which has become the third pillar the German vocational training system (Autorengruppe Bildungsberichterstattung 2014: 98). Although the share of new entrants in the “transition system” has decreased in the last years, from 36,3% in 2005 to 26,6% in 2013, still every year approximately one-third of each cohort entering the German VET system fails to achieve a training place which provides full vocational training.

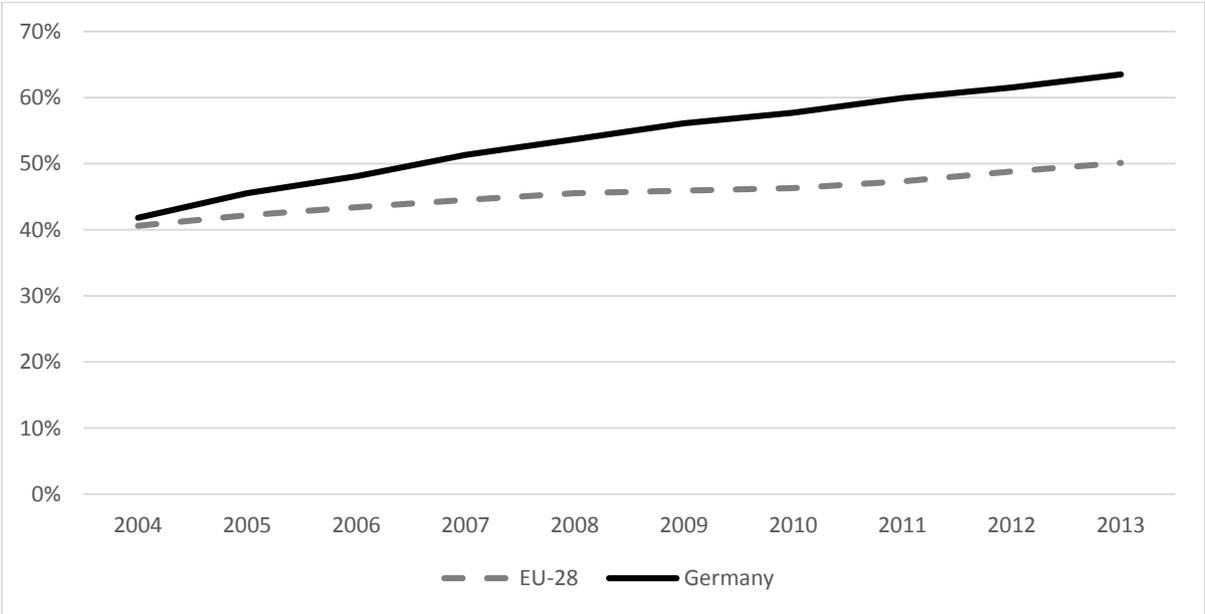
The different of pre-vocational education measures of the “transition system” are addressed towards young people whose qualifications are considered to be insufficient for apprenticeship positions and are meant to prepare people for regular vocational training. While they vary in length, content, and

target group, none of them provides approved vocational qualifications. The efficiency of the prevocational measures of the “transition system” is critically debated. Evaluations indicate that only a rather limited share of all participants of the transition system reaches an in-company vocational training position after completion of the prevocational measures. Furthermore, the distinct schemes of the transition system are not very well coordinated; critics argue that due to the complexity and the fragmented character of the different schemes, they should be regarded rather as a “waiting loop” for young people who would otherwise be unemployed rather than a real *transition* system.

Particularly low- achieving school leavers -who often come from a weaker socio-economic background- and pupils of migrant background face problems finding an apprenticeship position. In 2010, about 75% of the school leavers without a school degree in search of an apprenticeship had to enter the transition system; the same goes for half of the school leavers holding only a lower secondary school degree (*Hauptschulabschluss*) (Autorengruppe Bildungsberichterstattung, 2012: 103). Furthermore, about 50% of all foreign school leavers had to enter the transition system, compared to only 28% of the German school leavers (Autorengruppe Bildungsberichterstattung, 2012: 276). In this regard, it can be said that the German VET system reinforces inequalities resulting from stratification within the German school system (Kohlrausch 2012).

In summary, the situation of disadvantaged youths in vocational education and training continues to be difficult and the situation is improving only very slowly. There is a growing consensus that in order to secure the medium- and long-term supply of young skilled staff in Germany, it will become increasingly important to exploit all existing potentials and to open up the training-place market for low-achieving youths.

Chart 5: Employment rate of older workers (age group 55-64)



Source: Eurostat [tsdde100]

Looking at the employment situation of older workers (aged 55-64 years), it can be seen that the general increase of the employment rate in Germany was particularly driven by a sharp increase in the labour market participation of older people. The employment rate of older workers has increased more

than 20 percentage points in the last 10 years, from 41,8% in 2004 to 63,5% in 2013. This rate is very much above the EU-28 average (50,1%); Germany has the second highest employment rate of older workers in the EU (after Sweden with 73,6%). The national target employment rate for older workers (60%) has been achieved already in 2012. The increase in labour market participation was particularly strong for older female workers, rising from 33% (2004) to 57,5% (2013).

In the last 10 years or so, the Federal Ministry of Labour and Social Affairs has implemented a number of measures and initiatives to promote more and better employment for older people. The most relevant one is the program “Perspective 50plus - Regional Pacts for Employment” (*Perspektive 50plus – Beschäftigungspakte für Ältere in den Regionen*), which aims to re-activate and reintegrate long-term unemployed above 50 years of age into the labour market. The program follows a rather innovative approach: Instead of prescribing a specific set of instruments of active labour market policy, the federal ministry subsidizes local and regional employment pacts. To ensure that specific local circumstances and particularities can be taken into consideration, the local employment agencies (“job centers”) implementing the program together with the relevant local and regional actors are relatively free to experiment with different integration strategies and to design their own instruments (e.g. profiling, assessments, special training measures, internships in companies, placement activities, wage subsidies etc.). The allocation of additional financial resources to each regional pact is related to the concrete integration success of the adopted strategies. In addition, the federal ministry organizes an intensive exchange of experience and knowledge between the different regional networks, so best practices and innovative tools can be identified and disseminated. Evaluations show that, within general terms, the regional network strategy that is pursued in the context of the “Perspective 50plus” program has been quite successful in re-integrating older long-term unemployed into regular jobs (Knuth et al. 2014). The program has been launched in 2005; currently, it’s running in its third and final phase until December 2015.

2.2 Bargaining for the young

In Germany, bargaining for younger workers relates first and foremost to apprentices and trainees within the dual vocational education and training (VET) system, which is still the dominant pathway from school to work in Germany. The dual system is characterised by a combination of school-based and firm-based training: While the vocational schools are responsible for theoretical and general education, the firm-based training includes the practical part of the training. Usually, trainees spend one or two days per week in the vocational school and three or four days per week in the company that trains them. Currently, about 1½ million apprentices are in the dual system. The apprenticeships usually last for 2 to 3½ years. During that time, the apprentice works under a training contract and receives a training allowance. An individual must pass both an intermediate and a final examination to complete an apprenticeship program. Then he or she is entitled to skilled worker's wages and may or may not be offered, or accept, a job within the company that trained him or her. In the year 2011, the average age of apprentices entering the dual system was 19,5 years, and the average age of apprentices when successfully completing their apprenticeship was about 22 years (Statistisches Bundesamt 2013).

The Federal Ministry of Education and Research (*BMBF*) is responsible for general policy issues of VET. These include the Vocational Training Act (*Berufsbildungsgesetz, BBiG*), the drawing up of the Annual Report on Vocational Education and Training, the legal supervision and funding of the Federal Institute for Vocational Education and Training (*Bundesinstitut für Berufsbildung, BIBB*) and the design and implementation of programs to improve vocational training. Since the German constitution provides that competence for school education is assigned to the *Länder*, regional governments also play a role in VET policies, especially in controlling the vocational schools.

At the company level, German law attributes works councils substantial information and co-determination rights with regards to training-related issues. The Works Constitution Act (*Betriebsverfassungsgesetz*) explicitly gives the works council the right to participate in the planning, implementation, and monitoring of vocational training activities in the firm. On the one hand, the role of a works council is to ensure that the content and the process of apprenticeship training correspond to the formal training regulations. On the other hand, apprentices usually become an integral part of the workforce, since they spend the majority of their time during an apprenticeship program in the workplace. Thus, works councils have a formal obligation to represent the interests of the apprentices. According to the Works Constitution Act, a youth and trainee council (*Jugend- und Auszubildendenvertretung*) can be set up in any establishment that employs at least five persons who are either younger than 18 or younger than 25, but have not yet finished their vocational training program. The youth delegation can make proposals to the works council that deal, among other things, with the organisation of in-company training or with working-time arrangements for young workers.

Employer's associations and trade unions play a central role in the governance and the further development of the VET system. Co-operation between government and social partners is a constituting element for all standard setting. Initiatives for change in the qualification requirements, training regulations, framework curricula or other standards either stem from the social partners or have to meet with their acceptance. Furthermore, social partners agree on important details of vocational training, particularly the amount of the allowance paid to trainees, within the framework of free collective bargaining. Collective agreements can also include the number of training positions offered in a specific sector or provisions concerning continued employment of training graduates.

The improvement of the situation in the field of vocational education and training (VET) is one of the major concerns for trade unions. In general terms, unions have always demanded higher investments in firm-specific and general human capital. Worker representation, both at the firm and the industry levels, places increased pressure on a firm's net investment in apprenticeship training. Empirical studies using detailed firm-level data show that firms with a works councils make a substantial and significantly higher net investment in training and retain a higher percentage of apprentices compared to firms without a works council, especially if the former are also covered by collective bargaining agreements (Kriechel et al. 2014). In the analysis of the collective bargaining processes connected to the regulation of vocational education and training, four key issues and central trade union claims can be identified: a) maintaining and increasing the number of training positions, b) raising the level of training allowances, c) improving the employment perspectives of "finished" trainees, and d) improving training opportunities for disadvantaged youth.

- a) *Maintaining and increasing the number of training positions*: motivating individual companies in a collective bargaining sector to make additional training places available is a major issue in collective agreements. In some cases, concrete target figures for the number of training positions in a specific sector have been set; this is also often the case for in-house collective agreements between larger companies and the responsible trade union. In other cases, the bargaining parties limit themselves to a more or less “urgent” appeal to the businesses and companies in the sector to step up training activities.
- b) *Raising the level of training allowances*: The general aim of trade unions is that apprentices should earn a living wage. Very often, this is not the case, especially in service sectors and in East Germany. According to the "Training Allowance Database" of the Federal Institute for Vocational Education and Training (BIBB), the average level of training allowances based on collective wage agreements in Germany in 2013 was 761 EUR per month (767 EUR in West Germany, 708 EUR in East Germany), an amount which is slightly higher than the subsistence minimum (about 700 EUR in 2012). However, considerable differences in the level of training allowances continue to exist between the individual training occupations as well as between east and west. Very high allowances were paid in occupations such as bricklayer (West: 999 EUR, East: 803 EUR), insurance and financial services broker (West and East: 935 EUR), mechatronics fitter (West: 938 EUR, East: 921 EUR), and print media technologist (West and East: 905 EUR); in contrast, very low allowances were paid in occupations such as florist (West: 571 EUR, East: 312 EUR), painter and varnisher (West and East: 588 EUR), baker (West and East: 550 EUR) and hairdresser (West: 469 EUR, East: 269 EUR). The level of the training allowance of apprentices is usually treated as a part of general wage bargaining. Very often, the social partners agree on a flat-rate monthly top-up for apprentices that adds to the agreed general pay rise for all workers, so that training allowances grow stronger than average wages.
- c) *improving the employment perspectives for trainees after the training period*: The general aim of trade unions is that individuals who complete in-company training are subsequently hired for an indefinite period by the company providing their training. Thus, unions are pressing companies to offer job guarantees and permanent contracts to their apprentices. Regulations regarding the subsequent employment of successful apprentices are featured in numerous collective agreements. These agreements typically include temporary take-on regulations with a minimum employment period between 6 and 12 months. Another variant would be the take-on in a part-time job as a second-best solution, if a full-time employment does not appear possible. In some cases, there is also the possibility of a gradual increase of working time until reaching full-time employment. Only few agreements provide for former trainees being hired for an *indefinite* period. In most of these cases, the indefinite take-on is a target rule that is valid only "in principle", but not mandatory. Usually, there are a lot of exceptions and opening clauses: Companies can refrain from the take-on, for example, in the presence of behavioral or personal related reasons or because of acute employment problems. *Binding* rules for an indefinite acquisition of apprentices do exist in some companies; they are agreed mostly in company-level agreements. In some sectors, however, no regulations exist at all.
- d) *improving training opportunities for disadvantaged youths*: In recent times, activities for the promotion of disadvantaged and under-achieving young people are increasing. Meanwhile,

there are many projects on local and company level where companies offer a specific number or percentage of their training positions to disadvantaged young people, especially low-achieving school leavers or persons with migrant background. Young people with learning difficulties are encouraged, receive training capacity, and increased professional development through continuing education. Agreements on this subject are often conceived on the regional level, since there is a close connection to school and education policies, which in the German federalism belong to the domain of the regions. Pacts and initiatives for disadvantaged youths can also often be found on local level as well as on company level.

To illustrate the recent developments in collective bargaining for younger workers (apprentices), two sectors shall be described in more detail: The metal and engineering sector and the chemical sector. In the metal and electric engineering sector, the German metalworker's union (IG Metall) initiated a youth campaign "Operation take-on" ("Operation Übernahme") in 2009 aimed at pressing companies to take on the apprentices they have trained after having finished the training period and to offer them permanent contracts instead of (repeated) fixed-term employment. The IG Metall youth organisation worked on this campaign for three years, with considerable mobilizing success among younger workers. In the 2012 bargaining round, there has been a decisive breakthrough, as a collective agreement on this matter was signed. Both collective bargaining partners assume that the number of apprenticeship places will increase or at least will remain steady. In addition, unions and employers explicitly agreed on the principle that all young workers in the sector who have finished an apprenticeship "should usually" be offered a permanent position. Companies can choose between two different models for dealing with this general rule:

- First model: The management and the works council will analyze the demand for workers before a new training year begins. The exact requirement of apprenticeship places will be stipulated in a voluntary company agreement. The number of positions laid down in the works agreement is binding on the establishment: All apprentices who are part of the requirement will be offered an unlimited labour contract after completion of their apprenticeship. By contrast, those young people who are trained beyond the previously settled demand for permanent staff do not have a right to be taken on, not even with a fixed-term contract.
- Second model: If no voluntary company agreement is signed before the new training year begins, the employer must define the requirement for newly qualified permanent staff at least six months before the apprenticeship is completed and inform the works council accordingly. In that case, the apprentices who belong to the required number must be offered an unlimited work contract after completion of their apprenticeship. Those apprentices that are surplus with regards to the stipulated demand have to be offered at least a fixed-term employment contract for 12 months after their training period, with the option to check the possibilities of a prolongation three months before the end of this limited contract.

The agreement on apprentices runs from 1.6.2012 to 31.12.2014; the new rules apply for apprentices who finish their training after 31.12.2012. This agreement is at least a partial success for the demand of IG Metall that trainees should be offered permanent employment on completion of their training. Nevertheless, the collective agreement allows companies to deviate from the commitment under certain conditions: If a business is in serious economic trouble to the extent that its employment

levels are affected, it is not obliged to adhere to these clauses on apprentices. The same holds true if personal reasons speak against the further employment of a specific apprentice. In the first case, the works' council has to approve of the delay, in the second, it only needs to be agreed by the management. Therefore, the employer's association emphasizes that in a strict sense, not much has changed, since the legal framework remains the same and companies still define how many permanent workers they need and still gets to pick the people.

In the chemical sector, there is a long tradition of social partners IG BCE and BAVC bargaining for the young. Already in the year 2000, social partners in the chemical sector signed the collective agreement "Start in den Beruf" ("starting in the profession") with the aim to increase vocational training opportunities for underachieving youths with placement hurdles. The agreement includes specific measures and programs to promote young people who have not yet found apprenticeship places and where the prerequisites for successful admission to vocational training are still missing. The programs usually run over 6-12 months and consist of a combination of operational experience, theoretical instructions, and social-pedagogical maintenance in order to prepare the youths to prospectively get into vocational training. For this purpose, the social partners established the collective institution UCI (*Unterstützungsverein der chemischen Industrie*). UCI supervises the social partner initiative and funds the support programs; companies offering special programs may request a monthly allowance of 230,- EUR per participant from the UCI. In the collective bargaining round of 2011, the "starting in the profession" program has been developed further for small and medium-sized enterprises. The new initiative "StartPlus" has been designed to make it easier for small and medium-sized enterprises to participate in the "passage into vocation" program, fostering cooperation arrangements with regional educational institutions and offering a higher financial support for companies that otherwise would be overburdened with the organization of this social inclusion measures.

In 2003, IG BCE and BAVC concluded for the first time a specific collective agreement on vocational training, the agreement "Future prospects through training" (*Tarifvertrag Zukunft durch Ausbildung*), to foster the creation of initial vocational training places in the chemicals industry. In this agreement, the sector's employers have committed themselves to continuously increase the total number of apprenticeship and training places. In return, an opening clause in the agreement allows individual employers and works councils to agree on remuneration for apprentices or trainees which deviates from that set in the sectoral collective agreement. Use of the opening clause requires the approval of the sectoral bargaining parties. In 2008, this agreement has been extended until 2013. As a result, the number of vocational training positions in the sector has increased about 10% between 2003 and 2013.

In 2010/2011, IG BCE has followed the successful campaigning approach of the metalworker's union and has launched their own campaign "Our commitment to your recruitment" (*Unser Einsatz für Deine Übernahme*), demanding that apprentices should have a permanent employment guarantee after finishing their training period. While there was a high level of consensus between the social partners on the issues of gradually increasing the quantity of training positions in the sector and making further efforts to integrate disadvantaged youths, the issue of a permanent acquisition guarantee for successful trainees was discussed very controversially, as it had been the case in the respective bargaining of the metal and electrical engineering sector. According to IG BCE, currently about two thirds of all new contracts for young job starters after finishing the training period are fixed-term contracts. IG BCE wanted to reach a "trend reversal", claiming to "put an end to the era of fixed-term

employment contracts for job starters" and thereby not only improving the long-term prospects of younger workers, but more generally securing the attractiveness and the future of the chemical sector in Germany. However, BAVC still adheres to the basic principle that "training has priority over recruitment" and that the decision whether or not to take on a finished apprentice should remain the responsibility of the individual company.

In February 2014, the social partners found a provisional compromise and signed a new collective agreement with the title "Future prospects through Education and Career entry" (*Zukunft durch Ausbildung und Berufseinstieg*). The new collective agreement "Future prospects through Education and Career entry" bundles and further develops the previously existing regulations of the "starting in the profession" and "StartPlus" programs as well as the expiring "Future prospects through training" agreement to one overarching framework. The new agreement includes a commitment to create around 9.200 new vocational training positions each year between 2014 and 2016; in previous years, this target rate was set at 9.000 places per year. At the same time, the parties to the collective agreement explicitly recommend the companies to open up long-term recruitment prospects to their fully trained apprentices and, as a basic principle, offer them indefinite employment contracts, wherever this is possible and viable. To monitor the implementation, social partners will set up a database to monitor the individual circumstances of fully trained apprentices and the likelihood of them being employed by the companies where they were trained. In addition, round tables in which employers and unions are equally represented will be established at the regional level; the regional results will be evaluated annually on the federal level.

There are of course different interpretations of this new agreement: While IG BCE claims that permanent employment after training is now defined as „the general norm“, BAVC insists that permanent employment after training still remains a decision of the individual company, since there is still no employment guarantee for trainees after completion of their training period and no recruitment obligation for the firms. What is quite clear is that the degree of obligation concerning the permanent employment for finished apprentices contained in the chemical sector's agreement is significantly lower than in the metal and electrical engineering sector's agreement.

In summary, we can speak of mixed results as regards to collective bargaining towards younger workers and the improvement of the situation of trainees and apprentices. On the one hand, the fact that recent sectoral collective agreements in the metal and engineering and the chemical sector (as well as in some other sectors) include explicit regulations concerning the number of training places as well as improvements of the employment prospects of young workers after finishing the training period could be regarded as a substantial progress; on the other hand, it has to be said that in the metal as well as in the chemical sector, the take-on of apprentices as a general rule still has the status of a general recommendation of the social partners, but not of an obligation for the company nor as a legal entitlement for the single young worker. Thus, the empirical relevance of these agreements and regulations has yet to be evaluated.

Bargaining for the young is now an integral but mostly "autonomous" field within collective bargaining policy in Germany. In the face of a declining and ageing membership, the organizational self-interest of trade unions surely plays an important role for the rising importance of bargaining for the young. Bargaining for the young often offers good opportunities for the recruitment of new members and

strengthening the youth organization within the unions; “organizing” and “campaigning” strategies, the use of new media (twitter) and social networks (facebook) can contribute to the “revitalization” of trade unions. Both the agreements concerning young workers (apprentices) in the metal sector (2012) as well as in the chemical sector (2014) have been part of a “normal” bargaining round that included general wage policies and other elements. Policies towards younger workers (apprentices) have been part of a comprehensive package deal. However, in the collective agreements as well as in the publications of the social partners, there was hardly any *explicit* connection to policies towards older workers and still less so to policies aiming at improving options for early and flexible retirement transition. A rather new development of the last years is that policies towards younger workers (apprentices and trainees) are increasingly conceived as an element of more integrative policies aiming to shape the whole work biography.

2.3 Bargaining for the old

The economic as well as the political environment for collective bargaining concerning older workers has considerably changed in the last decade. Like many other continental European countries (Ebbinghaus/Hofäcker 2013), Germany has reversed the orientation of its labour market and pension policies from supporting and encouraging early retirement to promoting longer working lives. The key message is that older workers are needed again - “working longer” is the new target (Buchholz et al. 2013). Thus, one of the central objective of the various reforms of the labor market and the pension system has been to delay the withdrawal of the elderly from the labor market. This has two reasons: On the one hand, raising the effective retirement age reduces the period during which the pension is drawn, thereby reducing costs and contributing to the long- term financial sustainability of the pension system. On the other hand, older workers shall be kept longer in the labour market in order to secure a sufficient supply of skilled labour.

Following this logic, German government has explicitly abandoned the idea of a trade - off or even a zero-sum game between the employment of younger workers and the employment of older workers. According to many labour market experts as well as the government, evidence suggests that early retirement policies do not generate jobs for younger age groups, but even tend to worsen their employment perspectives, since the costs of early retirement increase the non-wage labour costs and thereby turn out to be an obstacle to job creation. Since there is no “given amount” of work which has to be shared between younger and older workers, increased labour market participation of older workers might even contribute to improve the employment chances of younger workers by reducing cost burdens on the “factor labour”.

Over the past 15 years or so, both labour market and pension policies have been geared towards extending people’s working lives and make early retirement more costly and less attractive. The most notable reforms include the increase in the statutory retirement age, the introduction of deductions from the pensions of people opting to take early retirement, the phasing out of different existing early exit options (including the tightening of the conditions for invalidity pensions), and the abolition of state subsidies for partial retirement (*Altersteilzeit*) schemes. From 1996 on, the existing special types of pension that could be drawn before the statutory retirement age, including the old-age pension for

women and the pension following a period of long-term unemployment, were first reduced in order to discourage people from claiming them; the minimum age at which such types of pension could be claimed was raised stepwise up to the statutory pension age. Meanwhile, the special regimes are being phased out: Persons born after 1951 are not entitled to make use of these schemes anymore. This has produced a gradually increasing incentive to remain in work longer, since either a pension is no longer available as an alternative source of income or such a pension could only be acquired by accepting significant reductions. From 2001, the reform of disability pensions added to a system that was already comparatively restrictive a safeguard clause preventing long-term unemployed from exiting the labour market by taking a disability pension. Disability pensions therefore do not function in any significant way as a labour market buffer in Germany.

In 2007, the German parliament adopted new regulations to gradually increase the legal retirement age from 65 to 67 years. Since 2012, the retirement age is being raised initially by one month each year, and from 2024 onwards it will be raised by two months each year. By 2029, under this scheme, people born in or after 1964 will have to work until 67 to reach the statutory retirement age and receive full public pension benefits. At the same time, the minimum retirement age will increase from 60 to 63. Therefore, the maximum of deductions in case of early retirement will be 14.4% (3.6% deduction per year of anticipated retirement). The current impact is still limited, but the signal sent to workers and companies is already influencing expectations and behaviour.

Last but not least, the government subsidies for the very popular partial retirement scheme (*Altersteilzeit*) have expired in 2009. The gradual retirement arrangement for older workers (literally: "part-time in old age") had been introduced with the original intention of "smoothing" the individual transition to retirement for workers aged 55 or more. The general idea of this scheme is that the worker can reduce his/her working time substantially in the last years before he or she would be eligible for the normal government retirement benefits. Typically, participating employees could choose between two alternative arrangements:

- Option 1 (part-time model): The participant works 50 percent of the normal full-time schedule in each year of the entire *Altersteilzeit* period (maximum: 6 years),
- Option 2 ("block model"): The participant works full-time for half of the *Altersteilzeit* period (the "active period"), and then does not work at all for the remaining half (the "inactive period").

In both models, the participants were officially employed and kept paying social security contributions. The employer was required to top up the income of the participant up to 70% of the former net wage; in addition, the social contributions to the pension system were topped up to 90% in order to minimize the individual pension losses associated to the working time reduction. In many industries, collective agreements rendered this option even more attractive for employees (but more costly for employers), by increasing the net salary and the pension contribution. The part-time retirement was subsidized by the Federal Employment Office (*Bundesagentur für Arbeit*) with the reimbursement for employers' expenditure for the bonuses paid to the employee under the condition that the part-time retiree was replaced with an unemployed person or a freshly trained apprentice. Since in practice, 90% of the participants chose the "block model" in order to stop working as early as possible, the *Altersteilzeit* scheme was *de facto* an instrument of early retirement.

The political decision of the government to end the subsidizing of *Altersteilzeit* was a clear signal that the government has abandoned the “older workers make room for younger workers” logic and will not subsidize any early exit options anymore. *Altersteilzeit* is still possible, but will have to be financed either by the employer or the employees now. With the end of public subsidies for partial retirement schemes, the conditions for individual retirement transitions have changed substantially; All in all, it can be said that the federal state has shifted the responsibility for coming up with solutions that allow workers to continue taking early or partial retirement onto the social partners.

The increase of the statutory retirement age and the general re-orientation of the German retirement policies have been under attack in particular by trade unions, arguing that there is a lack of employment opportunities for elderly people and therefore many workers will be forced to retire earlier and will have to suffer deductions from their full pension. Nevertheless, the government has made clear that there will be no way back to the old “early retirement culture”. In this respect, trade unions are in a kind of dilemma between the old “early exit logic” and the new “longer working lives” paradigm. On the one hand, unions need to push for measures that make people fit for a longer working life and for the improvement of working conditions and quality of work in later life; on the other hand, unions have not abandoned their conventional “the earlier workers can stop working, the better” logic. Under this conditions, the two main aims of trade unions with regards to bargaining for older workers are

- a) age- appropriate workplaces and working conditions and
- b) flexible retirement options to facilitate a “smooth” and self-determined transition from work to retirement.

There are big differences between the different sectors on how social partners have adapted the existing regulations and collective bargaining contents to the paradigm change in retirement policies (Fröhler et al. 2013). Since the government has produced what could be called a de-flexibilisation of the retirement transition, unions try to press for a “re-flexibilisation” of the retirement transition on the sectoral and company level. The following explanations focus on the development of collective agreements concerning the regulation of the retirement transition in one specific sector, namely the metalworking and electrical engineering industry.

Here, the first collective agreement on “Partial Retirement” (*TV Altersteilzeit*) came into force in 1997 and was valid - with minor modifications – until the end of 2009, when the state subsidies expired. In the course of time, the agreement was modified and supplemented with two additional agreements, namely the Collective Agreement on the Employment Bridge (*TV Beschäftigungsbrücke*) and the Collective Agreement on the Gross Top-up Model on Partial Retirement (*TV Bruttoaufstockungsmodell*). In very general terms, a maximum of 4% of workers of a company were allowed to participate in an *Altersteilzeit* scheme (part-time model or block model) at the same time. In case that more people claimed then places existed and a choice was necessary, workers with a longer operating affiliation had priority. The collective agreement granted a right to a block-model semi-retirement with at least 2 years and a maximum of 6 years duration, depending on their age. The minimum net wage amounted to 85% of the former full-time income. Prerequisite for the application of the collective agreement in the company was the mandatory acquisition of an unemployed person or a training graduate for at least 12 months.

Social partners in the metalworking and electrical engineering sector and made intensive use of this instrument; it had become (and is still) the main instrument for individual early retirement. As already mentioned, the vast majority of the participants used the “block model” in order to retire from active working two or three years earlier. Thus, social partners in the sector had to react to the aforementioned abolishment of the state subsidies for the partial retirement schemes. There was a consensus that a follow-up regulation had to be found; the main challenge was to design a new financing model that would not overburden neither the employees nor the employers.

In October 2008, the Industrial Union of Metalworkers (IG Metall) and the employers’ organization *Gesamtmetall*, signed a collective agreement on “Flexible Transition to Retirement” (*Tarifvertrag zum flexiblen Übergang in die Rente- TV Flex-Ü*), which has come into effect in January 2010 and runs until the end of 2016. This agreement, which replaces the three previously existing agreements, is a reaction to the aforementioned abolishment of the state subsidies for the partial retirement schemes. It enables companies to continue using the “block model” of partial retirement for the socially acceptable adaptation of staffing levels. The collective agreement stipulates that up to 4% of a company’s total workforce can be in partial retirement at any given time; in case that more workers wish to participate, more than half of the places (2,5% of the workforce) are reserved for workers in shift-work and physically demanding jobs. There are two kinds of entitlements for the flexible transition scheme:

- the general entitlement covers all employees who are at least 61 years old and have been working for the company for at least 12 years (The age limit will gradually rise as the statutory retirement age rises);
- the special entitlement covers all employees who are at least 57 years old, have been working for the company for at least 12 years, and who work in night shifts or rotating shifts or under particularly severe environmental influences.

For these two groups of workers, different conditions apply:

- For workers with a general entitlement, the maximum duration of the *Altersteilzeit* period is four years. It ends immediately before the earliest possible unlowered statutory pension age. No severance payment is made.
- For workers with a special entitlement, the maximum duration of the *Altersteilzeit* period is six years. Unlike in the general entitlement, the part-time period can end before the regular retirement age (i.e. the age at which there is no reduction in pension). A flat-rate severance payment of 250 euros per month is possible for a maximum of 24 months to compensate for the loss of the job.

For both groups, the basic financial endowment is the same: The net income guaranteed during the *Altersteilzeit* period varies between different skill and wage levels: it is set at 85% of net income for a high-wage employee, 87% for a qualified worker and up to 89% for a low-wage worker. Additional pension insurance contributions are paid for 95 percent of the previous earnings. The total costs of this regulation are calculated to sum up to approximately 0,8% of the total payroll costs. As a guiding principle, the costs are shared equally by employers and employees. There is a specific linkage between

early retirement policies and general wage policy: In order to finance “their” part, the employees collectively forego a 0,4% increase in the basic remuneration (*Tabellenentgelte*) for the duration of the collective agreement. All in all, the new collective agreement largely offsets the loss of subsidies from the Federal Employment Agency. It contains strong elements of *intergenerational* as well as *intragenerational* solidarity within the workforce: One of the most relevant innovations is that the collective agreement privileges lower wage groups and workers with demanding jobs, giving them better conditions and facilitated access to the partial retirement schemes.

The collective agreement in the metalworking and electrical industry is one of the most generous and best endowed agreement on the subject of flexible retirement transitions; it was possible only because of the traditionally strong position of the trade union *IG Metall* in this sector. In many other sectors, the situation is not nearly as good. Overall, the reduced flexibility of state provisions to assist the transition to retirement has not been accompanied by greater flexibility in the arrangements contained in collective agreements; the fact that the state has cut back its provisions has weakened the bargaining position of the trade unions and works councils. Although there are some exceptions, most of the collective and company-level agreements have not been able to compensate for the cutbacks in state provision, since they often apply only to a small number of people, people have no individual legal entitlement to them and it is largely left up to employees to fund them out of their own pockets (Fröhler et al. 2013). The situation is worst in sectors where union power is low; this goes especially for specific low pay/low skill service sectors. In summary, it can be said that collective bargaining for the old has had a rather limited success when it comes to the regulation of the last transition of the working life, the transition from work to retirement.

3 Intergenerational Bargaining in Germany

3.1 Introduction: Demography- related collective agreements as new framework for intergenerational bargaining

The consequences of demographic change for the competitiveness of Germany’s economy and the task of adapting companies to the challenges of demographic change is a central topic in current German labour market policy debates. There is virtually no larger company in Germany that doesn’t have some kind of “demographic strategy”- or at least claims to have one. Meanwhile, “longer working lives” and the “end of the early exit culture” are a key dogma for any German government no matter of what political color. The raising of the legal retirement age from 65 to 67, announced by the grand coalition government in 2006, has given a clear signal for the extension of working lives. The explicit paradigm change in Germany’s retirement policy can be regarded as the starting point and the decisive impulse for the development of a new political approach to intergenerational bargaining: Although trade unions fiercely opposed the raising of the legal retirement age and still fight for possibilities for flexible (early) retirement options for workers aged 60 to 65, social partners in most sectors meanwhile agree that work conditions have to be changed in a way that workers are enabled to work longer and retire later. Thus, the central issue for social partners as well as for state agencies is how people can manage to stay healthy and employed until 67 and what changes in working conditions are necessary.

Against this background, trade unions have been increasingly pressing to make the consequences of demographic change a subject of collective bargaining policies, thus opening a new field for collective bargaining policies. Trade unions are trying to strategically use the “longer working lives” debate to push forward long-standing claims for better working conditions and to introduce and strengthen concepts of “good work” (*Gute Arbeit*). The main argument is that the quality of work must be considerably improved if workers shall be able to really work longer; maintaining the employability of workers throughout their whole career is a central condition for the extension of working life. Parallel to this development, the life- course perspective has become very dominant in official scientific policy advice in Germany:

- The *7th Federal government's Family report* (“7. Familienbericht”, 2006) was the first official document to explicitly advocate a life course perspective
- The *6th Federal report on Senior Citizens in Germany* (“6. Altenbericht”, 2010) moves beyond a conventional age-centered perspective and advocates for “life-cycle oriented personnel policies”.
- The *first gender equality report* (“Erster Gleichstellungsbericht der Bundesregierung”, 2011) explicitly follows a life-course approach.
- Also, the federal government's *4th report on wealth and poverty* (“4. Armuts- und Reichtumsbericht“, 2013) has adopted a life course perspective.

The life-course perspective has not only become a key concept for social, family and education policies (“life- long- learning”), but has also become increasingly relevant for industrial relations and collective bargaining. In face of the “master trend” of demographic change and the ongoing discussions about “greying workforces” and “skilled labour shortages”, the task of managing demographic changes in a pro-active manner is definitely the most important new field of bargaining between the social partners. In the last years, a new, more innovative approach to intergenerational bargaining has emerged, which can be seen as complementary rather than competing to the existing conventional approaches. The innovative, integrated and life course- oriented approach advocates policies that are sensible to the specific needs of workers in different life-phases and aims to shape “good” work biographies. It is not a primarily *age*- related, but rather an *ageing*- related approach. Since ageing is a life- long process, this approach not only addresses the first transition (from school to work) as well as the last transition (from work to retirement) in the work biography, but also all other stages of the working biography that are “in between”.

Thus, the most innovative and promising practices of systematically linking bargaining for younger and older workers within an integrative, “holistic” framework in Germany are connected to the concept of *demography- related collective agreements* (*Demografietarifvertrag*). In the last years, social partners in many different sectors and branches have elaborated and concluded such demography- related collective agreements:

- In November 2006, the social partners of the iron and steel industry of North Rhine-Westphalia - the German metalworkers' union (*IG Metall*) and the metal industry's employer's association (*Gesamtmetall*) - broke new ground by concluding a collective agreement concerning the

impact of demographic changes. In Germany, this was the first collective agreement on this topic.

- In April 2008, an even more far-reaching agreement on demographic change was reached in the German chemical industry. The German chemical industry's "Collective agreement on working life and demography" envisages a mandatory demographic analysis for chemical firms and a compulsory contribution to a "demography fund". It outlines a vast range of possible age management measures to be determined in voluntary works agreements, including age- and ageing-appropriate work organization, health prevention, continuous training, knowledge transfer, recruitment of young employees, and family-friendly human resource policies. This collective agreement, which has been renewed and further developed in 2012, is widely seen as the single most important demography- related collective agreement in Germany so far.
- In October 2011, the United Services Union (*ver.di*) and *Deutsche Post DHL*, Germany's largest and formerly state-owned courier company, signed two closely interlinked agreements that form a package which has occasionally been labelled as "intergenerational tariff contract" (*Generationentarifvertrag*).
- In December 2012, the German Railway and Transport Union (*EVG*) and the formerly state-owned German railway company *Deutsche Bahn AG* signed a "Demografievertrag" which entered into force in April 2013. This collective agreement covers about 150.000 employees of the *Deutsche Bahn AG*.
- In July 2013, a collective agreement on demography was signed in the public transport sector by the United Services Union (*ver.di*) and the German Federation of Regional Employers' Associations (*Vereinigung kommunaler Arbeitgeberverbände- VKA*).

Some other (sub-)sectors and single branches are already at the level of collective bargaining negotiations, but without having reached an agreement yet. One example is the textile sector (which is represented by *IG Metall*); here, ongoing negotiations on a "Demografietarifvertrag" are blocked since November 2013. Then again, other branches are still on the level of awareness campaigns, working groups and research projects on demography- related issues. This is the case, for instance, in the food sector, represented by the Trade Union of Food, Beverages, Tobacco, Hotel and Catering and Allied Workers (*NGG*). In addition, many companies have concluded in-house demography-related collective agreements with the relevant competent union in their sector or are currently negotiating such agreements.

Although the increasingly widespread use of demography- related collective agreements across different branches and different levels (sectoral, regional, company- based) definitely is not the only relevant trend in German collective bargaining that could be analyzed in terms of its intergenerational dimension, it can be asserted that *Demografietarifverträge* are the most relevant innovation on this subject. In the following sections, the development of demography- related collective agreements in three sectors will be described: the metal and electrical engineering, the chemical industry and the railway sector.

3.2 Intergenerational bargaining and demography-related collective agreements in the metal and electrical engineering sector

3.2.1 Key Developments in the sector

Iron and steel sector 2006

In the domain of the Industrial Union of Metalworkers (*IG Metall*, approx. 2,3 Million members), there are various examples for attempts at integrated, demography- related intergenerational bargaining on the sectoral as well as on the company level. In fact, the first “Demografietarifvertrag” ever to be concluded in Germany was signed in the West German iron and steel sector, which is one of the five big industrial sectors represented by the IG Metall. This agreement, signed by IG Metall NRW and the employers association for the German steel industry (*Arbeitgeberverband Stahl*) in November 2006, aims to align working conditions with the challenges arising from an ageing workforce, improve the health status of employees, enable workers to retire early, and to lower the average age of the workforce in the sector. A central element of this agreement is a mandatory *age structure analysis* of the workforce. Every employer had to carry out a review of the age profile of its workforce in connection with an assessment of qualification levels, the need for further training, and working conditions. The management should discuss the results of this review and the necessary consequences for the company’s human resource policies with the works council. The collective agreement lists ten fields of action as examples of where measures can be taken:

- occupational health and safety,
- further training,
- reducing peak workloads,
- job rotation,
- establishing mixed-age teams,
- adjusting working time schedules,
- health- and age-related work assignment,
- motivating employees to behave healthily,
- using long-term working time accounts for earlier retirement,
- increasing the number of apprentices employed.

Works councils and employers can also agree to create a company fund to which both employer and employees contribute. The fund may to be used as a company pension fund, for long-term working time accounts, for additional initiatives for early retirement, or for other similar measures. A recently published evaluation shows that the collective agreement has had little effect on either the use of long-term working time accounts or the establishment of pension funds (Georg et al. 2012). However, activities in the other fields of action appear to have increased. In general, both members of the works

councils and human resource managers have stressed that the agreement has been helpful for putting the ageing workforce onto the agenda and triggering cooperation on this subject.

Although this first attempt to establish demography-related, *intergenerational* solutions made in the West German iron and steel sector has definitely paved the way for a series of similar, yet often technically more advanced agreements (such as the “TV DEMO” in the chemical sector), it must be acknowledged that the initiative has had only limited success in terms of substantial improvements. One big reason was, of course, that the agreement was signed in 2006, in a rather favorable economic situation; the great crisis of 2008- 2010 was still far away. But when the time had come to implement the agreement on the company level, the economic and employment crisis played an important role in hindering the unfolding of the different measures included in the agreement. The iron and steel sector was one of the German industrial sectors that was most severely hit by the crisis, losing up to 30% of its turnover in 2009, so that job safeguarding was absolutely dominant in 2009 and 2010. After the crisis, the initiative had substantially lost its initial momentum.

Further activities

Apart from the pioneer agreement in the iron and steel branch, no further country- wide demography- related collective agreements have been concluded so far in the domain of the IG Metall. Instead of initiating a broad campaign in order to apply the iron and steel sector agreement to the other sectors and thus further promote an integrative approach, IGM opted for the aforementioned “Collective agreement on flexible retirement transitions” (*TV Flex-Ü*). It could be argued that, to some extent, the *FLEX-Ü* agreement shows some similarities with demography-related agreements, since there are some elements which allow for a more “open” use of the resources, e.g. for life-cycle oriented work time organisation (Fröhler et al. 2013); however, the *TV FLEX-Ü* primarily aims at smoothing the retirement transition and therefore mainly benefits older workers.

In the collective agreement following the bargaining round of 2012, IG Metall and the employer organization Gesamtmetall have agreed upon a so- called “Gesprächsverpflichtung”, a self- given “obligation to talk” more intensively in the future about demographic changes, the resulting shortage of skilled labour and the effects they will have on the competitiveness of the German metal and electric engineering industry. The following topics shall be explored in more details: securing low-skilled employment and supporting high-skilled manufacturing in Germany, the future of industry-related services, and working time structures that take ageing and demographic change into account. While the 2013 bargaining round has been more focused on *quantitative* aspects (general wage increases), *qualitative* (e.g., demographic) issues might to have more relevance in the forthcoming 2014/15 bargaining round.

In the meantime, IG Metall continues to strive for the conclusion of demography- related agreements on sectoral, regional and and company level. On the sectoral level, one example for current attempts at intergenerational bargaining is the textile and clothing sector. Within the domain of IG Metall, this sector is traditionally the “weakest” one as regards to union membership, collective agreement coverage, payment and working conditions, the one with the highest share of low skill/low wage

earners and the highest share of female employees. Since 2012, IG Metall is strongly demanding a “Tarifvertrag Demografie” for this sector. The main three claims of the trade unions in the bargaining round of 2013/2014 are the following:

- Improvement of partial/early retirement options,
- Job guarantees for current apprentices/trainees,
- Measures aiming at stress reduction.

According to IG Metall, all three Elements are part of a strategy which aims to guarantee the future of the German textile sector in face of the demographic challenge. The really relevant point is the third one, because it represents the integrated approach that underlies the claims of the unions: The central idea is to shape work biographies in a way that workers can “grow old” at their workplaces. In this context, “stress reduction” doesn’t only mean a general improvement of working conditions, but more specifically measures aiming at “ageing- compatible” work; this concerns younger workers as well as older workers. So far, various rounds of intense negotiations have taken place in 2013, but currently the negotiations are largely blocked due to the unwillingness of the employer association to sign any agreement that includes cost increases.

Current campaigns

In August 2012, IG Metall has started a new demography- related campaign with the name “good work, good retirement” (*Gute Arbeit – gut in Rente*). In this campaign, IG Metall demands a so-called “demography- related reconciliation of interests” (*Demografischer Interessenausgleich*) at the company level: management and works council in the companies shall settle works agreements concerning age- and ageing- appropriate workplace design and working conditions as well as flexible options for (early) retirement. In this context, IG Metall makes an explicit distinction between *age*-appropriate and *ageing*-appropriate measures: While age-appropriate or age-differentiated measures are targeted at specific age groups (usually the older workers), ageing- appropriate measures „concern all age groups in the workforce” and aim to “create working conditions over the entire work biography in a way that the workers reach pension age in a healthy and motivated way” (IG Metall 2012a, 2012b). IGM argues that companies need both age- related *and* ageing- related measures. According to IG Metall, demography- related bargaining should not be understood as a single act, but rather as a continuous process by which management and work councils agree on realistic goals and in this way step by step improve the working conditions in the company. IG Metall also attaches great importance to the systematic participation of the employees in this process.

With this latter element, the union not only wants to add a democratic and participatory dimension to the bargaining process, but it also pursues an organisational self-interest: employee surveys and similar activities on the company level offer a good opportunity for the union to be visible and to recruit new members. Previous experiences with other campaigns have shown that these kinds of participative, company- level approaches can substantially contribute to trade union revitalization (Brettschneider et al. 2011, Haipeter et al. 2011).

3.2.2 Case Study No. 1: The collective agreement on “Future and Demography” at *Schnellecke Logistik Sachsen* (2013)

“Schnellecke Logistik Sachsen” is one of approximately 20 “pilot companies” of the campaign “good work- good retirement” (“Gute Arbeit- gut in Rente”). Here, an in-house collective agreement with the name “Future and Demography” (Tarifvertrag “Zukunft und Demografie”) was signed by the management and IG Metall in May 2013; this agreement has been amended and further developed by a second agreement signed in April 2014. “Schnellecke Logistik Sachsen” consists of three different company sites located in the East German region of Saxonia (Glauchau, Dresden and Leipzig). It is a part of “Schnellecke Logistics”, a German logistics service provider in the automotive industry with more than 18.000 employees at 46 company sites worldwide, 16 of them located in Germany. Overall, about 900 employees (including about 100 temporary workers) currently work in the main factory in Glauchau. The most important customers of the company include automotive manufacturers such as Volkswagen, BMW and Porsche.

The starting point of the bargaining process was the growing concern of the works council with relation to the age structure of the workforce and the future development of the company. The result of an age structure analysis carried out by the works council in collaboration with an external consulting company have shown that, with an average age of nearly 45 years, the average age of the workforce is quite high. At the same time, the fluctuation within the workforce is rather low, since the company is a popular employer in the region. The age structure analysis revealed that, if no changes are made, the number of qualified workers exiting the workforce will approximately double the number of newly entering workers within the next 10 years.

The situation at Schnellecke is typical of the region of south-east Saxonia, where the population is shrinking rapidly. Many young people are moving away – often because of a training, study or a job where they can earn better. They rarely come back. Thus the proportion of people aged under 20 is already low for several years and will remain at this level in the future. According to demographic projections, the average age of the inhabitants in this region will rise to 54 years by 2030. At the same time, the population will decline by about a quarter. As a result, it becomes increasingly difficult for the company, to find appropriate apprentices; skilled workers are getting increasingly scarce, and this shortage is exacerbated by the positive economic development of the company.

In order to enable employees to stay in the company for a longer time and to secure the future of the company, the works council identified the need to allow for flexible transitions, to provide for health-, age- and ageing-appropriate working conditions and at the same time to promote and encourage the next generation of workers. On the basis of the results of the age structure analysis, the social partners and the works council have developed an overall concept to tackle the demographic problems. The agreement "Future and demography" completed in May 2013 regulates the implementation of this concept.

With regards to younger workers (apprentices), the agreement contains three essential elements:

- First, social partners “assume” that the number of training positions offered by the company will be increased if possible, or at least kept constant. The need for apprentices will be jointly

determined by management and works council in accordance with the regulations of the Works Constitution Act.

- Second, apprentices will (continue to) have a right to be offered an indefinite job contract after successful completion of their final exam, as it was already stipulated by Schnellecke's framework collective agreement (*Manteltarifvertrag*) of 2010.
- Third, the company commits itself to offer a certain number of special pre-vocational training positions to socially disadvantaged or low-achieving young people on funding contracts. The special contracts shall last for 6 to 12 months and will be rewarded with a monthly allowance of 250 Euro. After successful completion of the pre-vocational training, the young person has the right to apply for a regular VET position; he or she shall be given a preferential treatment in cases of equal qualification.

In general terms, the agreement combines centrally organized policies to be executed in the whole company with a framework that contains decentralized options to be decided upon in each site of the company via an additional works agreement. This approach takes into account that each single site of the company may have a different situation and thus may have different specific needs. In the area of company-level regulations, a mandatory health-, skill- and stress analysis will be conducted in each site in order to provide for a comprehensive overview of the individual and collective needs of the workforce and the general situation of the workplaces and –processes. With regards to the demography- related measures that shall be decided on the level of each individual site, the agreement cites the following instruments:

- health-and age-appropriate shift planning (targeted reductions of shift work),
- reduction of peak loads,
- formation of mixed-age teams,
- continuous training,
- job rotation programs in order to promote a more even distribution of loads among the employees,
- systematic integration of employees with reduced or impaired performance into the work teams,
- health promotion/ encouraging workers to health- conscious behavior.

The agreement also opens the possibility for the single company sites to create a demography fund, financed by contributions of the employer as well as of the employees, which can be used to finance some of these instruments. With regards to older workers, the agreement contains the explicit goal to “provide options for a flexible and differential working life, including options to retire before reaching the legal retirement age”. The bargaining round of 2014 has led to a substantial further development of the collective agreement on “Future and demography”. Apart from specific regulations concerning the take-on of current temporary agency workers (with about 225 temporary workers receiving a job offer at the company), the new package deal that was agreed in April 2014 has a special focus on improving

the family-friendliness of the company: The new “Collective agreement on reconciliation of work and family life” (*Tarifvertrag Vereinbarkeit*) contains a whole set of different measures aiming at facilitating the reintegration of mothers after their “baby- break”:

- Starting from May 2014, employees with small children can claim a monthly subsidy of 50 EUR to the fees of the day-care center for their children,
- Employees on parental leave have a claim to five days of training during their parental leave period (so they don't lose touch with the current developments within the company),
- Employees who change from full-time to part-time have a guaranteed claim to return on a full-time job,
- During the first three years of life of the child, employees have the right to work in a “normal” shift work pattern (e.g., no night shifts) for at least one year.
- In general, employees with caring responsibilities shall be entitled to choose, subject to a notice period, between different working time models; the details will be stipulated by a joint committee of management and works council in the company.

Beyond the specific focus on reconciliation of work and family life, the general aim of the company's personnel policy is to enable employees to adjust their respective working time patterns to their individual life phase- specific needs. In order to assess the work time - related needs and preferences of the workforce, employee surveys on these issues will be carried out in each company site.

To sum up, *Schnellecke* is a good example for a step-by-step approach towards an integrative, life course- oriented strategy: The agreements of 2013 and 2014 do not only contain job guarantees and specific regulations for apprentices and disadvantaged youths (thereby actively tackling youth unemployment) as well as partial retirement options for older workers, but display a more general life-course- oriented approach, with measures concerning health issues, knowledge transfer (mixed- age working groups, job rotation) as well as specific measures aiming at the reconciliation of work and family life.

3.3 Intergenerational bargaining and demography-related collective agreements in the chemical sector

3.3.1 Collective agreements and key developments in the sector

The collective agreement on “Working life and Demography” (2008)

Already in the middle of the last decade, social partners in the German chemical industry -the Mining, Chemicals and Energy Industrial Union (*IG BCE*) and the German Federation of Chemicals Employers' Associations (*BAVC*)- have identified demographic change as an important challenge for the competitiveness of its companies. In response to these developments, IG BCE and BAVC signed the

collective agreement on "Work life and demography" (*Tarifvertrag Lebensarbeitszeit und Demografie-TV DEMO*) in April 2008.

The origins of the agreement can be traced back to the year 2005, when social partners organized a joint conference with the title "The Demographic Challenge - Shaping the Future" (*Die demografische Herausforderung- Zukunft gestalten*). Against the background of an ageing workforce and a continued need for skilled workers, social partners in the chemical sector discussed the possible effects of demographic changes on the competitiveness of German firms and appropriate approaches to the management of demographic changes, such as life-course oriented working-time policies, age-appropriate design of workplaces and life-long learning. As a result of this conference, the social partners issued a common declaration and recommended the company-level partners in the sector (management and works councils) to pro-actively discuss the concrete consequences resulting from the foreseeable demographic changes on their company and search for appropriate human resource strategies. In the aftermath of the conference, BAVC and IG BCE decided to further discuss demographic issues in their respective organisations and amongst their members. A joint steering committee and joint technical working groups were set up and given the task to prepare common ground for a collective agreement. Nevertheless, about three years passed before the official collective bargaining round that led to the conclusion of the agreement.

The TV DEMO of 2008 is applicable to about 550.000 employees working in 1.900 enterprises in the chemical industry and runs until 2015. The aspiration of BAVC and IG BCE was to actively shape working conditions in the industry by identifying the future needs of employees and companies. As stated in the preamble of the agreement, the social partners are eager to "pave the way for a sustainable and forward- thinking human resource policy through the setting of future- oriented framework conditions" (BAVC/IG BCE 2008) in order to "make a contribution to safeguarding competitiveness and jobs" in the German chemical sector. The explicit aim of the agreement is to offer incentives to workers to extend their working life; suitable instruments and "needs-oriented solutions on company level" that work "throughout the entire working life of the employees" shall make this possible.

The first central element of the agreement is the mandatory demographic analysis. All companies covered by the agreement are obliged to conduct a comprehensive analysis that shall include data on the age structure in the company, employees' qualifications and the qualifications needed by the company in the future, as well as information on relevant issues such as the rate of sickness leave, fluctuation of employee levels and partial retirees. The results of the age and skill structure analysis are to be assessed jointly by management and works council and shall serve as the basis for identifying personnel policy challenges and discussing what steps should be taken. Typical questions arising from the analysis were questions about which skills are required in the future, which training programs have to be adjusted, or which recruitment policies have to be reconsidered. The introduction of the demographic analysis as an *obligatory* tool is primarily meant to induce management and works councils to actively think about their human resource planning and jointly shape a strategy. The collective agreement, moreover, states that the analysis is not a one-time undertaking, but is to be repeated later (details are to be decided by the management and works' council). This clause creates an incentive for companies to review their human resource strategy at regular intervals and make any necessary changes.

Based on the results of the demographic analysis, chemical firms can then, as a second step, introduce or further develop appropriate human resource measures. The collective agreement explicitly mentions the following fields of action:

- Providing information to the employees on the demography- related challenges for the company,
- Establishing age- and ageing- appropriate working conditions and organization of work
- Developing flexible, age- appropriate working time models in the company,
- Strengthening workplace health promotion and encouraging workers to adopt a healthy life style,
- Encouraging and demanding ongoing training in order to preserve and update the abilities and competencies of employees,
- Securing experience and knowledge transfer in the company,
- Further development of instruments to to secure the recruitment and development of junior staff,
- Implementing a family- friendly personell policy promoting the reconciliation of work and family life.

All of these different human resource policy measures (or a company- specific combination of them) can be part of a voluntary works agreement. The agreement goes more into detail on three key issues: work organization (including working time), workplace health promotion and employee training. The key messages of these sections of the agreement may be summarized as follows:

- Age- and ageing- appropriate work design (methods, procedures, healthy work and working time models) should include specific aspects that can affect older employees (*age* appropriate measures) as well as aspects concerning the preservation of working capacity throughout one's career (*ageing* appropriate measures).
- Workplace health promotion should rely on a combination of both *behavioural* and *situational* prevention, focusing on the healthy designing of work processes through optimisation of work organisation and the working environment as well as on incentives for health-conscious behaviour on the part of employees.
- Life-long training measures aim at fostering employees' employability and have to be considered a prerequisite for older employees if they are to stay longer in a company. Training within the scope of the agreement has to be workplace related, but does not necessarily have to take place at work. The needs of certain groups of workers, such as shift workers or employees returning from parental leave, are to be taken into consideration when determining a skills strategy for the company.

The second cornerstone of the agreement is the mandatory introduction of a so-called "demography fund". Since January 2010, individual companies have been obliged to pay a yearly flat- rate sum into a

company-specific fund in order to finance retirement- and old age provision- related instruments. This initial sum was set at 300 EUR per pay-scale employee of the enterprise; this sum shall increase annually by the percentage of the wage scale increase of the previous year. The company's demography fund can be used for the following instruments:

- partial retirement (*Altersteilzeit*)
- partial pension (*Teilrente*)
- supplementary occupational disability insurance for the chemical industry (BUC), or
- pension plans based on the corresponding collective agreements
- long-term working time accounts.

Partial retirement and *partial pension schemes* are both instruments that particularly address the situation of older workers and allow for a flexible transition into retirement. Partial retirement schemes (*Altersteilzeit*) can be offered to employees who are 59 years or older and can be taken for a maximum of six years. The collective agreement stipulates a maximum proportion of 5% of employees who can be on partial retirement in an establishment at the same time. If a company chooses the instrument of partial retirement, the demography fund can be used to supplement the wages of partial retirees or to top up their reduced social security contributions. Another option is the payment of partial pensions (*Teilrente*). Employees can receive a third, half or two thirds of their pension and at the same time continue working at their company up to a specific earnings ceiling. Basically, this is an option for reducing working time slowly and gradually before retiring fully.

Pension plans and *additional disability insurance* are both instruments that help employees to save additional funds for old age or occupational disability. The money from the demography fund can be invested into the pension plans, which are part of the corresponding collective agreement in the chemical industry. Both pension plans as well as additional disability insurance were introduced already in 2001 in order to compensate for the massive cuts in the old- age and disability pensions of the public pension system. If companies want to use this option, all employees in an establishment covered by the collective agreement need to be insured.

Long-term working time accounts are part of flexible working time systems. The basic principle behind long-term working time account is that employees are allowed to accumulate hours in working time accounts in order to reduce working time at later stages in their career. The social partners at the establishment level stipulate in a works agreement the kind of time credits that can be saved in the accounts (for example overtime, holidays, bonuses) and for which purposes time credits can be used by the staff (such as sabbaticals, training periods, elderly care, parental leave or early retirement). By law, long-term working time accounts have had to be insured against the bankruptcy of the employer, and time credits need to be transferable to other employers in the case of a job change. The money from the demography fund can be paid into these accounts to increase the amount of individual working credits. Since the voluntary introduction of long-term working time accounts had already been part of a collective agreement concluded in 2003, social partners in the chemical industry could draw on their long experience with this instrument. The advantage of this tool is that it allows for flexible individual decisions for working time reduction; furthermore, since

this option can temporarily reduce the work burden for employees, it can be expected that they will in turn be able and motivated to stay longer in their companies.

Management and works council have to come to an agreement on the utilisation of the demography fund. They can freely choose amongst the aforementioned tools; the tools can also be combined with one another. As a rule, the points agreed on are set forth in a company agreement. If no settlement is reached at company level, a default solution comes into effect. According to this default solution, the fund must be used either for the implementation of pension plans (in companies employing up to 200 workers) or for the implementation of long-term working time accounts (in companies with more than 200 employees). Finally, the agreement stipulates that the social partners will provide comprehensive information and advice for companies.

Implementation of the agreement

According to the TV DEMO, the demographic analysis was to be carried out by the end of 2009. About 90% of the enterprises met the deadline; the others were finished by the middle of 2010. The implementation of the demographic analysis tool was accompanied by talks and information meetings organized by the social partners. In a project subsidised by the European Social Fund (ESF), IG BCE offered support to its works council bodies with a network of continuing training advisers. The advisers conducted workshops with the works councils (and with management if desired) to identify the steps that are necessary and appropriate for the demographic analysis. Moreover, BAVC and IG BCE published explanatory notes on the newly concluded agreement, including concrete examples of how the different measures contained in the agreement could be implemented as well as a standard blueprint for a works agreement on the introduction of long-term working-time accounts. The latter was done especially to support small and medium enterprises that lack experience and knowledge on this issues.

BAVC has conducted a survey among 600 chemical companies with over 340.000 employees in 2011. By the end of 2010, 98% of employees were covered by a voluntary works agreement, while only 2% were covered by the aforementioned "default solution" stipulated in the collective agreement. Regarding the use of the demography funds and the (combination of) the five instruments laid down in the agreement, the results of the 2011 evaluation have been as follows: 76% of the companies surveyed invested (part of) their funds into pension plans based on the corresponding collective agreement (affecting 52% of employees). Another 25% of companies opted for long-term working time accounts (affecting 57% of employees). A further 8% went for invalidity pension plans (affecting 5% of employees). Finally, 7% invested in partial retirement schemes (affecting 8% of employees), while the instrument of partial pension has virtually not been used.

These results show that the fund is mostly used for individualized forms of saving, be it time (working time accounts) or money (pension plans), rather than collective forms of social policy (partial retirement and partial pension). This also means that the resources of the fund are not mainly used for the direct benefit of older workers, as it would have been the case if most of the money was assigned to finance short- term early exit options. Instead, pension plans and working time accounts have a long-term perspective, so that they rather benefit younger and middle- aged workers.

The figures also indicate that smaller companies usually opted for pension plans based on the corresponding collective agreement, while medium-sized and large companies rather favoured long-term working time accounts. This pattern is probably due to the fact that smaller companies with fewer staff in personnel management departments might face more technical and organizational difficulties to introduce long-term working time accounts.

Further Development of the TV DEMO: TV DEMO II and "TV life phase" (East Germany)

After the TV DEMO was signed in 2008 and implemented in the following years, BAVC and IG BCE have continued to work on the further development of the collective agreement. During their collective bargaining round in May 2012, the social partners agreed on a renewed version of the TV DEMO (ocasionally named "TV DEMO II"). In the 2012 agreement, social partners decided to invest greater sums into shaping life-cycle-oriented working time schemes. An additional 200 EUR per year will be paid into the demography fund for each employee covered by the collective agreement for 2013, 2014 and 2015. According to calculations of the social partners, the financial resources assigned for this purpose in this three years will amount to approximately 200 million EUR. Since the financial resources of the demography fund created in the 2008 agreement had been spent mainly on additional old age provision, social partners limited the use of the additional funds to the following three instruments:

- long-term working time accounts,
- partial retirement schemes and
- instruments to structure working time to suit each phase of life of the workers.

With regard to the latter, social partners introduced a new model, named the "Reduced Fulltime 80" model (*Reduzierte Vollzeit- RV 80*) model. Generally speaking, there are two ways to use RV 80:

- The tool can be used to retain older workers longer by reducing their working time: Instead of working fulltime, 60+ workers can choose to work only 80% of full time at the end of their career, but still earn a 100% of full wage. Older employees have the option to make additional contributions to this new model using their already existing entitlements to age-related working hours reductions (*Altersfreizeiten*), which consist of a 3.5 hour reduction for shift workers after the age of 55 and for others, a 2.5 hour reduction from the age of 57, to top up the resources from the demography fund. In practice, this means that they initially continue to work full time, and in return enjoy a greater reduction in hours at the end of their working life.
- The tool can also be used for younger employees who would like to reduce their working time at certain life stages, such as for training periods, parental or elderly care leave. The specific details (entitlement conditions etc.) can be settled at the company level.

The management and the works council at each company have to decide on how the funds are used and therefore conclude a works agreement. Same as in the 2008 agreement, a default solution is

applied automatically when no agreement is reached at the company level. In this case, companies with less than 200 workers will use the resources of the fund for pension plans, while companies with more than 200 workers will use the resources to top up the existing entitlements to age-related working time reductions (*Altersfreizeiten*). Preliminary results of evaluations carried out by the IG BCE show that working-time accounts are the most popular alternative when it comes to make use of the additional resources put into the demography fund. If the RV-80 model is chosen, it is used mainly for older workers (smoothing the retirement transition), while only in some cases the RV-80 is used to reduce the burden on shift workers, parents or employees with sick or disabled relatives.

The TV DEMO has also been developed further at the regional level. In November 2011, the employers in the East German chemical industry (*AGV Nordostchemie*) and the Mining, Chemicals and Energy Industrial Union (*IG BCE*) have concluded the „Collective agreement for a life-phase-appropriate organization of working time in the east German chemical industry“ (*Tarifvertrag Lebensphasengerechte Arbeitszeitgestaltung für die ostdeutsche chemische Industrie –“LePha- TV“*). The agreement affects around 30,000 employees. The starting point of the collective bargaining negotiations was IG BCE’s long- standing demand that the regular weekly working time should be adjusted to the West German standard and thus reduced from 40 to 37,5 hours and the east German employer’s categorical refusal of a general reduction of the 40-hour working week. After nearly one year of negotiations, East German social partners reached a compromise: Instead of a general working time reduction on a sectoral level, a new working time model on the company- level was agreed that allows for temporary working time reductions in specific life phases. The social partners agreed that from 2013, regional chemical companies have to invest 2.5% of the collectively agreed annual wage bill into a company working time fund. Management and works council have to jointly choose between a range of human resource measures for the needs of employees at different stages of their working lives:

- age- appropriate working time models (for older workers)
- family friendly working time arrangements (care for children or elderly relatives),
- work relief for specific employee groups (shift workers, workers with impaired performance)
- long-term working-time accounts.

The new agreement shall make it possible for employees to temporarily reduce their working hours in personally difficult times without losing much of their wage during such periods. Social partners in the East German chemical sector stress that for the first time, clauses on working time in a collective agreement are oriented towards employees’ differing needs at differing stages of their lives. Therefore, this agreement can be regarded as a big step towards a general flexibilisation of working time patterns over the life course, as workers can (to a certain extent) adapt their working time according to the needs and burdens that are specific to certain phases of their biography.

From the perspective of the employers, the new collective agreement has two main objectives: on the one hand, it shall offer incentives for younger employees to work in East Germany and make workplaces in regional chemical firms more attractive; on the other hand, employers hope to be able to retain older workers in their jobs for a longer time, offering them options for workload reductions that

might keep them from retiring early. A relevant factor for the conclusion of this rather generous agreement might be the fact that the problem of ageing workforces and shortage of skilled labour seem even more pressing in the East German chemical industry than in the western part: about 70% of chemical company employees in East Germany are between 44 and 59 years old.

3.3.2 Case Study No. 2: The „Generational Pact” at Evonik Industries (2014)

As already mentioned, the demography-related collective agreement in the chemical sector (TV DEMO) sets a flexible framework which requires further specification on the company level. A number of companies, especially larger companies with greater organizational resources, have used the financial resources and the set of options included in the TV DEMO, together with other existing collective agreements in the chemical industry, as a resource for tailoring their own company-specific model. One example for such a “bricolage” strategy in the use of the TV DEMO is the new “Generational pact” signed at the company *Evonik Industries* in 2014.

Evonik Industries is a global, stock-exchange listed industrial corporation with headquarters in Essen, North Rhine-Westphalia. Currently, 67,9% of the company shares are owned by the RAG Foundation, 17,9% of the shares are held by Gabriel Acquisitions GmbH, an indirect subsidiary of funds advised by the British private equity firm CVC Capital Partners, and 14,2% of the shares are in free float. Evonik is one of the world's leading specialty chemicals companies today. The operating activities are organized into six business units which are a part of the chemicals business area; in addition, the company still holds an energy area and a real estate area. At the End of 2013, the company carried out activities in more than 100 countries and employed about 33.000 people worldwide. In the same year, the company's total revenue was about 13 billion Euro, while the profit (Adjusted EBITDA) was about 2 billion Euro (Evonik 2014a). The company has about 21.000 employees in Germany, about 15.800 of which are covered by collective agreements.

In March 2014, the company management, works council and the trade union IG BCE have agreed upon a so called "Generation Pact" (*GenerationenPakt*). The background of this agreement is the change in the statutory regulations for partial retirement (Altersteilzeit), especially the expiring of the state subsidies at the end of the year 2009 (see chapter 1.3). While the company had been able to prolong the partial retirement schemes with some transitional arrangements for the birth cohorts 1957 and 1958, these models were set to expire. Thus, management and works council at Evonik were endeavored to find a new, sustainable and innovative follow-up project in order to continue to enable Evonik employees to withdraw from active working life before reaching the legal retirement age in a socially acceptable manner. The company-level agreement “GenerationenPakt” is the concrete result of this search. The agreement establishes a close link between the transition of older, experienced workers into retirement on the one hand and the transition of “finished” apprentices and trainees into working life on the other hand. The basic idea of the agreement is that older employees (aged 55+) shall announce to the management up to 5 years in advance how and when they want to retire. In return, the company will then systematically recruit and prepare young workers to fill the future vacancy. With this regulation, the agreement aims to give more planning reliability to the company as well as to the employee.

The starting point of the *GenerationenPakt* is the timely and binding signal of the employee to exit active working life. The employee must have the wish to retire early and must explicitly assert that he wants to make use of the *GenerationenPakt* scheme. The worker must be at least 55 years old when making the agreement with the company. He must already have an individual long-term account (or newly open it) as well as an occupational pension plan. Additionally, he must have a long contribution record in the public pension system (35 contribution years) at the time he is set to retire in order to be legally entitled to retire with 63 years.

The employee commits himself to end his active working life and leave the company via retirement at the earliest possible point in time; this may include the acceptance of deductions of the public pension entitlements because of his early retirement. After the employee and the employer have reached a binding agreement, the employee pays a part of his current salary (up to 15% of the gross wage) into his long-term account and additionally imports all the extra free time entitlements granted for older workers via collective agreement (*Altersfreizeiten*) into the account. This means that until the day the older employee is exempted from work, the employee works full time (renouncing all his/her age-related privileges for that time period) with a reduced salary of about 85%. During this “active” years, the company tops up the saved amount in the long-term account with rather generous financial aids. With this saved amount, a “passive” phase of full exemption from work is financed. After this phase, the employee officially leaves the company and enters into retirement.

The functioning of the *GenerationenPakt* scheme can be illustrated with a fictitious example of a 55 year-old worker born in September 1959, who decides to end his active phase with 60 years (September 2018). According to the complex rules of the German pension system, a worker born in 1. September of 1959 would be allowed to retire at the earliest with 63 years (1. September of 2022) if he is a so-called “long-term insured”, which means that he has a contribution record of at least 35 insurance years in the public pension system. Since the regular retirement age for his birth cohort (1959) would be 66 years and 2 months, the worker would retire 38 months before the regular retirement date and therefore have to accept a deduction of 11,4% of his pension (0,3% for each month of his early retirement). Within the *Generationenpakt* scheme, the joint saving efforts of the worker and the additional subsidies of the company as well as the use of the different collectively agreed program resources mentioned above shall sum up to a savings amount which enables the employee to spend up to three years (from 60 to 63) in the “passive” phase with continued remuneration before he officially retires and leaves the company. To (partially) compensate for the aforementioned losses in his public pension entitlements that are associated with the early retirement, the company makes a substantial one-off payment into the occupational pension plan of the employee, so that his total old-age income remains largely constant.

As both works council and HR manager state, the “Generational pact” is an additional (but very attractive) exit option for the employees; it is entirely voluntary for all 55+ workers. The HR Management representative highlights the fact that the agreement is voluntary for both sides: If in a hypothetical individual case the premature exit of a specific worker with special skills or knowledge would cause problems or shortages for the company, the employer still has the right to reject the signing of an individual agreement. Therefore, there is no general individual entitlement to a *GenerationenPakt* agreement. Nevertheless, management and works council expect that about fifty percent of the workers belonging to the birth cohorts 1959 to 1961 will have interest in participating in

the new *GenerationenPakt* scheme. In the case that this quota is significantly exceeded, workers who work under hard conditions (i.e. shift workers) and workers with health restrictions will be given preference. Already in summer 2014, the implementation of the “generational pact” has started with the first cohorts of older employees (birth cohorts 1959 to 1961).

In many ways, the new *GenerationenPakt* scheme resembles the expiring partial retirement scheme (*Altersteilzeit*) in the “block model” version. In terms of financing, the agreement combines elements from the new demography- related collective agreement (financial resources of the “demography fund” of the TV DEMO II) with elements of the long-standing collective agreement on extra free time for older workers (*Altersfreizeiten*) and elements of the already existing in-house agreement on long-term working time accounts, which is based on the respective collective agreement of 2003, for the purpose of smoothing the early exit of older workers in terms of remuneration. The chairman of the works council states that one important aspect for the works council as well as for the trade unions is that the solution that has been found at Evonik is a collective, solidarity- based solution, and not an individualist solution: Instead of using the existing and the new financial resources of the TV DEMO for simply increasing the amount of the individual long-term accounts (or the individual occupational pension plan), the resources from various programs have been bundled in order to create a new instrument of socially acceptable early retirement. This is perfectly in line with the aims of the TV DEMO II, which is more oriented towards collective solutions than the TV DEMO I.

At first glance, the “Generational pact” at Evonik might seem little more than a slightly renewed early exit instrument that mainly benefits older workers. Nevertheless, the *GenerationenPakt* wants more; it is not only focusing on elderly employees, but also refers to qualified young apprentices and job starters, since it contains a strong link to the improvement of the employment perspectives for apprentices and the career perspectives of younger workers. In this context, it has to be mentioned that Evonik already shows a relatively strong engagement concerning the training of apprentices: The apprenticeship quota is now at approximately 9% and thus clearly above the German industry-average (about 6.5%). In the last years, more than 50% of the successful apprentices at Evonik have been offered a permanent employment contract. Since the older workers who make use of the new scheme give a very early signal about the time point at which they want to terminate their active phase in the company (usually, 5 years in advance), the company obtains a clear long-term perspective for succession planning and is guaranteed enough time to search for matching apprentices in a more targeted way. This again means an increasing probability to retain the own apprentices and trainees after their three year training period or after their dual study program. The long time horizon for succession planning also enables the company to develop much clearer employment and further development perspectives for young job starters at the beginning of their career.

In addition, the improved framework for long-term succession management also provides better opportunities for apprentices to get to know their prospective workplace and plant and for the retirees-to-be to share their know-how, experiences and special knowledge with the following generations. This “knowledge transfer” dimension is an important implicit element of the agreement: According to an official statement of the Human Resources Director of Evonik, the *GenerationenPakt* “builds a golden bridge for the intergenerational knowledge transfer” (Evonik 2014b). According to this statement, improved conditions for knowledge transfer also contain a significant element of appreciation from the company towards the exiting worker: He or she can not only decide when and how to go, but also

“make sure that his/her life- work is placed in good hands”. The management representative states that this element of recognition should not be underestimated when it comes to define what a successful, “clean” retirement transition could mean for the future pensioner. The representative of the works council states that this agreement gives more security to the single worker when it comes to planning his/her work biography. All in all, we could speak of a win/win/win- solution: Older employees keep the possibility to retire early and with an appropriate benefit, younger workers obtain improved employment and career development perspectives, and the company obtains an improved strategic control over its human resources and the skills, knowledge and experience of its retiring personnel.

This last point deserves some additional explanation. The fact that a highly competitive company like Evonik Industries is willing to finance a rather generous and rather costly early retirement program at a time in which the “longer working lives” imperative has become common sense among economists, journalists and politicians, shows how much importance the company gives to improve the conditions for a far-sighted strategic human resource planning. Evonik is very pro-active in this respect: Already in 2008, the company has launched a so-called “Plan@HR” project on strategic human resource planning. With the help of a very sophisticated IT software tool, the Plan@HR Project simulates different economic and demographic scenarios in order to enable the company to adapt its recruitment and succession planning policies and give a timely answer to changing trends. This kind of human resources planning requires a long-term view. The new *GenerationenPakt* with its long time horizon fits perfectly well into Evonik’s strategic human resource planning framework, since it provides very valuable information on the number and the skill structure of the employees that will retire within the next 5 years. The strategic benefit of this increased planning security as a comparative advantage in the competition can hardly be underestimated.

When assessing the *GenerationenPakt*, it has to be taken into account that the new scheme has a specific, clearly defined role and function within a much larger set of human resource policies at Evonik Industries. In the course of the last decade, the company has developed a whole set of life course-oriented and life phase- related elements such as programs for continuous further training and life-long learning and a large health prevention program aiming at improving the health perspectives and the general life quality of the workers (“well@work”). The company has also created specific possibilities for flexible working time arrangements, especially for older workers (e.g., shift models that exclude night shifts for older workers). Besides these programs, one major commitment of the company’s human resources policy within the overarching group- wide Corporate Responsibility (CR) strategy launched in 2008 is fostering a healthy balance between the requirements of work and family life. The company’s established family-oriented programs, which are bundled in a company- level agreement on “measures to foster a sound balance between working and family life”, range from the provision of childcare facilities, vacation programs for children in (pre-)school age, cultural exchanges and flexible working hours to free advice and assistance in finding care for relatives.

All in all, the company had already developed and introduced a lot of different life-course oriented personnel policy elements that are mentioned in the chemical sector’s *Demografietarifvertrag* of 2008 prior to the signing of the collective agreement; put simply, there was no need to generate additional momentum on these programs via the DEMO TV. For this reason, the focus of the *GenerationenPakt* is restricted to the aspect of connecting options for early retirement with improved employment and career perspectives for younger workers.

To sum up, the example of the “Generational Pact” at Evonik Industries illustrates just one out of many different options on how to apply the chemical industry’s *Demografietarifvertrag* on the company level. In this specific company- level agreement, the social partners have used a rather innovative “bricolage” strategy, combining various elements of different sectoral and company- level agreements to create a new partial retirement/early exit program that aims at connecting the interests of older workers and the interests of younger workers in a sustainable and future-oriented way. The *Generationenpakt* at Evonik Industries has the seal of approval of the IG BCE: Michael Vassiliadis, first chairman of IG BCE, was personally present at the signing of the agreement and praised it as a “future-oriented solution” and as an “example to follow”. Nevertheless, it has to be noted that the new instrument basically follows the conventional “employment bridge” logic (older workers leave their workplaces early in order to make room for younger workers) that was central to the classic partial retirement (*Altersteilzeit*) scheme. In this sense, the example highlights the fact that in the current situation in Germany, in a kind of paradoxical way, the “old” externalization policy logic and the “new” integration policy logic often coexist. On the one hand, trade unions still want workers to be able to exit early if they want to (e.g., with 60 years); at the same time, they call for age- and ageing- appropriate measures that enable workers to stay in employment until the legal retirement age (67 years in the future). Large and highly successful companies like Evonik Industries can afford to financially support both approaches within their broad portfolio of human resource policies, thereby providing a very high degree of flexibility and freedom of choice to their employees; smaller and less wealthy companies might however face a stronger tension between the somewhat contradictory goals of “promoting longer working lives” and “providing socially cushioned early exit options”.

3.4 Intergenerational bargaining and demography- related collective agreements in the railway sector

3.4.1 Key developments in the sector

The German domestic railway market is dominated by the *Deutsche Bahn AG (DB AG)* and its subsidiaries. *Deutsche Bahn AG* is a state- owned German railway company and an international provider of mobility and logistics. It came into existence in 1994 as the successor to the former state railways of Germany, the *Deutsche Bundesbahn* of West Germany and the *Deutsche Reichsbahn* of East Germany, who were merged in the context of the 1994 general rail reform. Headquartered in Berlin, Deutsche Bahn is a joint-stock company whose shares are held exclusively by the Federal State. Unlike the other big former state companies *Deutsche Telekom AG* and *Deutsche Post AG*, *Deutsche Bahn AG* has not been subject to a stock market launch and thus has not been privatized yet: Still, 100% of shares of DB are held by the Federal Republic. A stock market launch has been planned by the government for several years now, but has been delayed a several times because of the economic crisis, changes in management and public protests. The company describes itself as the second-largest transport company in the world, and is the largest railway operator and infrastructure owner in Europe. With approximately 300.000 employees in 130 countries (2013) and approximately 200.000 employees in Germany, *Deutsche Bahn AG* is one of the largest employers in Germany.

The most relevant trade union in the sector is the Railway and Transport Union (*Eisenbahn- und Verkehrsgewerkschaft- EVG*), which is the result of a merger of trade unions *TRANSNET* and *Verkehrsgewerkschaft GDBA* that took place in November 2010. At the End of 2013, *EVG* had a total membership of 209.000 workers. *EVG* is involved in collective bargaining in all sub sectors and for all occupations of the railway industry. Besides *EVG*, there is the German Engine Drivers' Union (*Gewerkschaft Deutscher Lokomotivführer- GDL*), a smaller occupational trade union which, as the name indicates, predominately organizes train drivers. At the End of 2013, it had about 34.000 members. *GDL* is involved in collective bargaining for train drivers at *DB* and other railway companies.¹ Especially in the last years, there is a strong and increasing rivalry between the large union *EVG* and the small union *GDL*, whose organizational domains partly overlap. The more moderate and compromise-seeking *EVG* and the *Deutsche Bahn AG* are confronted by the increasingly radical positions of *GdL*. In 2014, *GdL* has repeatedly and successfully called for strike action of the train drivers, thereby blocking large parts of public train transport in Germany for various days. On the employer side, the main association involved in collective bargaining at sectoral level is the Employers' Association of Mobility and Transport Service Providers (*Arbeitgeberverband der Mobilitäts- und Verkehrsdienstleister- Agv MoVe*). *Agv Move* was founded in 2002 for representing subsidiaries of *DB AG*, but is meanwhile also open to railway companies outside of *DB AG*. In 2014, *Agv Move* had 59 member companies representing about 200.000 employees.

The German rail market has been liberalised already in the early 1990s. The 1994 general railway reform provided access to all segments of the rail market for any foreign enterprise holding a German subsidiary. The railway activities of *Deutsche Bahn AG* are supervised by the Federal Railway Authority (*Eisenbahn-Bundesamt, EBA*), as far as technical and safety matters are concerned. Other railway companies operating in Germany are also supervised by *EBA*, unless they are only operating on a local or regional level, in which case they are supervised by the *Bundesländer*. As far as economic regulation is concerned (track access, access charges, etc.), the Federal Network Agency (*Bundesnetzagentur, BNetzA*) is in charge for the entire German railway sector. *DB AG* has about 99% market share in long-distance passenger transport as well as in rail infrastructure; in short-distance transport, the market share is about 88% (Kraemer 2012). Main competitors are subsidiaries of foreign Groups (e.g. *Veolia Verkehr* and *Netinera GmbH*) who mostly run regional train lines.

In the 1990s and the first half of the 2000s, the main development in the sector has been a strong decline in overall employment. This decline is mainly due to a series of recovery and restructuring programs by *Deutsche Bahn AG*. In 1990, the year of the German reunification, the West German *Bundesbahn* and the East German *Reichsbahn* together had far more than 400.000 employees in Germany. Ever since then, *Deutsche Bahn* has reduced its staff strongly: From the early 1990ies to the end of the 2000s, more than half of the jobs in Germany disappeared. One of the driving forces of this restructuring and adjustment process (besides budget consolidation for the federal budget) was the liberalization of the rail market, which led to increased competition in the domestic market, which was a new situation for a state company that used to have a monopoly. Trying to organize the personnel reduction in a most socially acceptable way, one of the main topics of different collective agreements

¹ The United Services Union (*Vereinte Dienstleistungsgewerkschaft- ver.di*) also plays a (minor) role in the sector, mainly in private rail companies outside of *DB Group* as well as in urban transport.

over the years has been safeguarding employment and avoiding compulsory redundancies and dismissals for operational reasons. In order to reduce staff, Deutsche Bahn made strong use of natural fluctuations (not replacing leaving or retiring workers) as well as using early and partial retirement schemes for older employees (*Altersteilzeit*) primarily as an instrument of personnel reduction.

All in all, the downsizing process has been a rather silent process, since it was negotiated and organized on the basis of consensus-oriented social partnership, so that during the long years of recovery and restructuring, there has been hardly any large-scale social protest or a prominent controversial public discussion on this issue. In the year 2009, the era of adjustment and restructuring of Deutsche Bahn has come to an end after 15 years of downsizing. After the crisis of 2009/2010, which had only limited effect on the German rail market, a new era of growth and expansion has begun for Deutsche Bahn AG; in this context, new and future-oriented collective agreements have been signed in the last years.

3.4.2 Case study No. 3: The “Demografietarifvertrag” at Deutsche Bahn AG (2014)

In December 2012, the trade union *EVG*, the employers’ association *Agv MoVe* and *Deutsche Bahn AG* agreed to an innovative collective agreement designed to address demographic change. The so-called *Demografietarifvertrag (DemografieTV)*, which applies to all German employees who are *EVG* members, came into force in April 2013 and has been amended in the recent bargaining round, concluded in May 2014. In the context of this agreement, the social partners have explicitly endorsed a life course perspective; the common aim of the social partners is “to make it possible for DB Group employees to have perspectives and development chances throughout their entire careers”. The agreement covers different stages of the professional life of the employees and aims at “a more individual and more flexible design of working conditions, from vocational training until the gradual transition into retirement”. The package includes, among other elements, a permanent job offer for finished apprentices, measures to reconcile work and family life, flexible working time options, a comprehensive health program and a special part-time scheme for older workers.

Three main factors connected to the situation of the company as well as to the general situation of the German economy at the beginning of the current decade have been favorable and conducive to this new approach to collective bargaining. The first factor is that due to general demographic processes as well as due to the massive staff reduction that had been implemented over the years, the size and especially the age structure of the workforce had changed strongly. In 2011, the average age of the employees within Germany was 46 years; more than 40% of the employees were over the age of 50. As thousands of employees were heading into retirement (estimated 7.000 employees are set to retire each year), there was a medium-term challenge of being understaffed in some crucial areas, thus increasing the need to hire new staff. At the same time, the management saw that the competition for young talents and well-educated specialists was getting stiffer. The growing need for qualified employees in a country with a shrinking and ageing population called for intensified and concerted efforts aimed at employee recruitment, employee development and the retention of older employees. According to the interviewed HR manager, demographic change and “employability” had become major topics for DB AG already since the middle of the 2000s; nevertheless, an overarching concept on managing demographic change was still missing at this point in time.

The second factor is the overall strategic re-orientation of the company after the long recovery and restructuring phase. With the beginning of the new decade, Deutsche Bahn changed its course from being an organization in restructuring into being a growth organization. In early 2012, the new overarching sustainability strategy “DB 2020” was introduced, which provides the guiding orientations and strategic benchmarks for the current decade. The officially declared main objective of the “DB2020” strategy is to create a lasting balance between economic, social and environmental interests and thereby to become “the world's leading mobility and logistics company” (DB AG 2012a). Within the “sustainability triangle” of economic, ecologic and social goals, DB has set ambitious targets for all three dimensions: Deutsche Bahn wants to become “a profitable market leader”, an “eco-pioneer” and no less than “a top employer in Germany”. In order “to become a top employer and rank among the ten leading firms in Germany’s labor market by 2020” (DB AG 2012b: 53), DB AG has defined three key objectives: Improving employee satisfaction, making DB a more attractive employer and enhancing preparedness for demographic change (DB AG 2012b: 53/54).

At the same time, and this is the third factor, the 2005 agreement on job security (*Tarifvertrag Beschäftigungssicherheit- BeSiTV*) was set to expire at the end of 2011, so that a follow-up solution had to be found. Both social partners saw the need to endorse a new, more up-to-date and forward-looking approach to the new agreement, going far beyond the conventional employment protection approach that had been followed so far.

As already mentioned, the collective agreement of 2012 follows a life- course and life-phase oriented approach, which means “that we make offers and generate entitlements for each career and life stages throughout the whole working life at Deutsche Bahn AG” (Interview HR representative). This approach is based on the explicit premise that employees who once have joined the company are expected to stay in the company for the whole working life until reaching the statutory pension age. The expressed objective of the “demography package” and of the general personnel policy approach of the Deutsche Bahn is to retain its employees for as long as possible in the DB Group. The already existing job and employment protection rules have been extended to the point that the 2012 collective agreement comprises a lifetime employment guarantee for all regular employees within the DB AG company in Germany, which rules out redundancies and dismissals due to the loss of, or a reduction in, an employee's ability to work. In this context, active in-company integration management (*Betriebliches Eingliederungsmanagement*) to help employees who are no longer able to perform their original jobs plays an important role. In Germany, a group- wide operating internal job placement service takes care of the appropriate deployment of performance-impaired employees. The HR representative stresses that the employment guarantee should not be considered to be a “social hammock”: If workers have lost their original position and make use of the internal job placement service, they finally have to accept to move to another city or region, if no job in the same city and in the same company and also no job in the same city in another DB company could have been found. They also have to be willing to participate in training and requalification measures and to work at a lower qualification ultimately.

Regarding the first transition (from school to job), the agreement contains a permanent job offer

guarantee for all apprentices who successfully complete the apprenticeship program.² In 2013, Deutsche Bahn accepted up to 4.000 new trainees. Currently, the take-on rate for successfully “finished” apprentices is about 97%. The HR management representative explains the economic rationale behind this regulation:

“I don’t need any “social” reasons to justify this take- on guarantee. This is a business decision: We follow a needs- based training places policy, so we don’t train more people than we really need. And if we invest up to three and a half years in training a young worker, which is rather expensive, then we want a return on our investment. And it’s not that we don’t have competition from other companies who would like to hire our just finished trainees from us. This is why we make this offer. [...] And we are very proud that we are able to fill nearly 98% of our free apprenticeship positions every year; this is something that not all other companies are able to say nowadays.”

The collective agreement of 2012 also expands the existing measures and instruments for the reconciliation of work and family life. These measures and instruments include individual work schedules, temporary time outs, the consistent promotion of part-time and teleworking and the “Family Service” of Deutsche Bahn. Together with the Railway Staff Social Services Foundation (*Stiftung Bahn-Sozialwerk- BSW*), DB helps employees find childcare facilities and reserves a number of places at daycare centers for employees' children. The company also collaborates with the senior citizens' service run by the workers' welfare organization *Arbeiterwohlfahrt (AWO)* in order to offer advice to employees with relatives who need care. The most relevant instrument in this context is the possibility for flexible working time arrangements. In general terms, the DB subsidiaries have been given more flexibility to tailor shift plans more closely to employees' wishes and find customized solutions, so that, for example, mothers with small children can make an arrangement for not having to work in late night shifts. Various pilot projects on enabling more individual control about the working time model are being tested in different companies of the group.

A key element of the *Demografietarifvertrag* which is aimed at older workers is the introduction of the so-called “special old- age part-time work pattern” (*besondere Altersteilzeit*). Put simple, workers can decide to reduce their working hours to 80% of the standard working time. Employees can choose between three different options on how to organize their working time reduction:

- Option 1: working time reduction on a weekly basis (e.g., working 4 instead of 5 days a week),
- Option 2: working time reduction within a 12 months period (e.g., longer holidays),
- Option 3: working time reduction over the remaining working life (e.g., for early retirement in a “block model”), usually in combination with the long- term working time account.

The right to work shorter hours comes along with a certain amount of compensatory pay: The individual salary is topped up to 87,5% of the regular salary. This wage compensation has been slightly raised in the agreement of 2014. One special feature of this part-time scheme is that it is an enforceable individual entitlement, which is not the case in most other companies or sectors. In the

² The take- on guarantee for finished apprentices is not directly featured in the *Demografie TV* itself, but in the so-called *Nachwuchskräfte TV* (literal translation: collective agreement on young professionals), which is an integral part of the “demography package” of 2012.

first round of 2012, eligibility was restrained to older workers working in night shifts, rotating shift models and on-call duty as well as workers with handicaps or with physically demanding jobs. However, in the second round of 2014 the circle of entitled persons has been extended to virtually all older workers. The HR representative explains the rationale behind this regulation:

“We want to tell the older workers: You are carriers of know-how, you are valuable for us. We offer you a relief, from age 60 on, and in turn we would be happy if you would stay with us until you reach the regular pension age. [...] We want the employees to remain fit for work and to say that even if they are in an advanced age, they want to continue and still do new things here.”

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advanced age, they want to continue and still do new things here.”

In order to finance the partial wage compensation in the part-time scheme for older workers, a “demography fund” has been created. The remaining resources of the demography fund are used to finance specific additional incentives especially for younger employees to open up an individual long term working time account and insert their extra times there, by topping up their contributions with extra credits. The company wants to actively encourage employees to make use of the long-term working time accounts in order to have more flexibility over the working life course and thus more individual sovereignty over time. This way, options for self-determined life planning shall be increased. The next step in this regard will be to design and implement a more systematic approach to the incentive structure for the long term accounts.

It should be mentioned that „conventional“ part time in old age models (regular *Altersteilzeit*) with a two or three-year “blocked” phase at the end still exist, but are used in a very restrictive way. In general terms, the Deutsche Bahn doesn't want to promote any kind of early retirement; from the employer's perspective, the whole logic and philosophy of the *Demografie TV* is to keep workers within the company as long as possible. In contrast, the trade union *EVG* stresses the fact that the new *Besondere Teilzeit im Alter* model as well as the long-term working time account can still be used to finance early retirement, so that the option still exists.

Last but not least, the demography package also contains an extensive health promotion and health protection program. Special attention is paid to psychological well-being in the workplace and stress prevention, especially for train drivers who have traumatic, accident-related experiences. In addition, the company is currently testing a health-oriented prevention program for older employees which has been developed in collaboration with the University of Heidelberg.

Since a lot of the aforementioned topics can't be solved on a central level, the *Demografie TV* should be seen as a mandate for action on the level of the single companies and company sites belonging to the DB group; especially flexible working time arrangements must be bargained and implemented mainly between local management and local works council. In this respect, the *Demografie TV* of the Deutsche Bahn AG can be seen as a two-level procedure, where the collective agreement sets the general framework which must be “filled with life” on the local level. Thus, the collective agreement also has a procedural dimension: It establishes a continuous monitoring process where every year, HR management and trade unions representatives discuss and evaluate the different measures and projects that have been undertaken on the central (group-wide) level as well as on the single company site level.

All in all, the *Demografietarifvertrag* signed by the trade union *EVG* and the Deutsche Bahn AG in 2012 and further developed in 2014 might be the most comprehensive and most ambitious demography-related collective agreement in Germany so far. With its explicit life phase/ life course orientation, it can serve as a best practice example on how to shape and organize “holistic” working life regulations. Nevertheless, it must be taken into consideration that Deutsche Bahn AG is a very special company. First, it is a company of an enormous size ; only its sheer size allows for such exceptional features as the lifetime employment guarantee. Second, DB AG has a specific situation, since it has left behind the era of recovery and restructuring and has explicitly changed the course towards a very ambitious growth and expansion strategy. Third, DB AG is still a state-owned company with a long “social responsibility”

tradition, which is always emphasized by the trade unions. Interestingly enough, the management representatives argue from a strictly business-accounting perspective when it comes to explain the advantages of the collective agreement and of the general personnel policy approach of the company. The main rationale for a global player like Deutsche Bahn AG is the safeguarding of its human capital base in face of demographic change. Social partners are largely unanimous that this requires a comprehensive and forward-looking human resources policy. In general terms, the trade union EVG is very proud of the collective agreement.

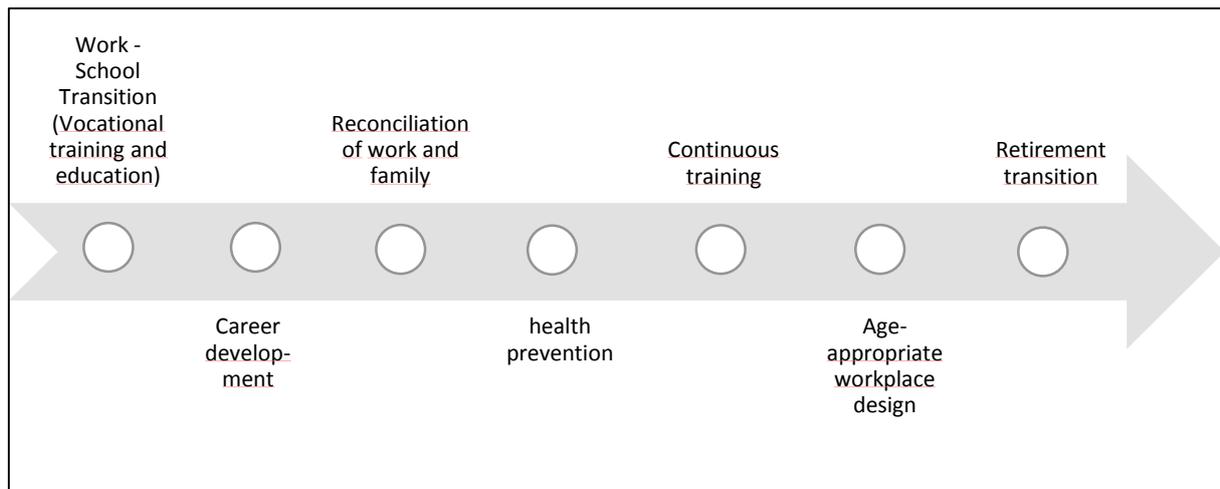
The main challenge for collective bargaining in the railway sector is the existence of two competing trade unions (EVG and GDL), which makes all kind of negotiations much more complicated. The small but radical union GDL fights for rather narrow, particular interests of a specific group of employees (train drivers) as well as for organizational self-interests; it finds the existing Demografietarifvertrag inadequate and insufficient and demands special conditions and privileges for their (supposed) constituency. With its capacity to block large sections of rail transport in Germany with strikes, it directly questions the principle of tariff uniformity and thereby jeopardises the future success of collective bargaining in the sector.

4 Conclusions and Recommendations

The examples described in the previous sections show that demography-related contracts are an important topic not only for the future, but already for the present of Germany's collective bargaining practice. In many different sectors and branches, social partners and companies have moved beyond the level of discussing, sensitizing and awareness-raising, but have signed concrete agreements and have taken concrete measures with regards to demographic change. In the future, it can be expected that *age*-related measures will increasingly be complemented by *ageing*-related measures. Thus, "bargaining for the young" and "bargaining for the old" could be more and more integrated into a life-cycle-oriented, "holistic" approach to collective bargaining.

The starting assumption of this approach is that if longer working lives is the solution to combat age-related staffing problems and the imminent shortage of skilled labour, then the framework conditions have to be changed in a way that employees are able and motivated to work until retirement age in good health. In order to prolong working life, the design and implementation of a comprehensive, integrated concept of human resource management is necessary. This concept must include measures that allow for a smooth transition between different stages of the entire working life, such as training, working phases, family-related phases, further training and finally retirement. A *lifecycle-oriented personnel policy* means a human resources management system that is "strategically adapted to the needs of employees in the course of their work cycles and lifecycles" and "covers all stages of life from choice of occupation to retirement" (Naegele 2013).

Chart 6: Life cycle- oriented shaping of work biographies



Source: own diagram

Albeit all differences, the “Demografietarifverträge” in the different sectors share a set of common features:

- A mandatory *demographic analysis* of the workforce serves as the common basis for the design of specific measures on the company level.
- A mandatory “demography fund” (usually employer- financed, but with options for additional employee contributions) is created, which can be used for different age- and ageing- related purposes.
- Sector- level agreements are supposed to provide a flexible framework for company- level agreements and “taylor- made” solutions on the company level. The collective agreements usually defines a “toolbox” of possible instruments, out of which the management and the works council choose the most appropriate for the situation of the specific company.
- Possible instruments include training periods, working time accounts, reconciliation of work and family life, early/partial retirement options, occupational pension plans, health prevention etc.; the specific combination of instruments and their concrete details are subject to company- level agreements.
- Another typical feature of the agreements is that they aim at initiating and establishing continuous demography- related monitoring and consultation processes between the company- level parties.

This holistic, integrative approach offers opportunities for win-win solutions for employers and unions, since many of the human resource management policies included in the demography- related collective agreements are suited for enhancing the productivity, innovation capability and competitiveness of the companies and at the same time ensuring and enhancing the workforce's employability over the life-course.

Despite the positive potential of this new approaches to intergenerational bargaining that have been described so far, one should be not too overly optimistic about the prospects for the short and medium term. The fact that *Demografietarifverträge* are gaining ground in different sectors in Germany in the last years, on sectoral as well as on company level, doesn't necessarily mean that *real* progress towards an integrative, life- course oriented is achieved everywhere. "Paper is patient", so the saying goes- the same goes for Powerpoint slides.

From what is known so far, several weaknesses of the agreements became apparent in the course of their implementation. For example, the quality of the mandatory demographic analyses varied widely. In addition to age distribution, the level of qualification of the employee groups by functional area and the various activity levels or levels of the hierarchy were to be surveyed, and these were not always seen with the necessary discernment. The second mandatory element, the "demography fund", can be used as a resource to take important steps towards life-cycle oriented human resource policies, but it can also be used in a rather conventional way, with resources being primarily directed towards the smoothing of the retirement transition or to individual saving opportunities. This is still the case in the majority of the companies in the chemical industry; very often, the innovative potential of the collective agreement and the diverse options to use the fund are not being exploited on the company level.

There are two possible reasons for the often rather "conservative" behavior of management and works councils on this matter: First, from the perspective of management, innovative life cycle- oriented solutions tend to be more complex and often result in a large administrative burden; this can be a reason why smaller companies often refrain from more ambitious projects and prefer to choose the "safe way", e.g. using the resources of the demography fund to top up the already existing pension plans based on the corresponding collective agreements. This might also apply to companies where the whole "demography issue" is not perceived as a top priority. A second reason could be based in the actual preferences of the employees: As some union representatives comment, many employees seem to regard the money from the demography fund as an individual "quasi-property right" and therefore clearly prefer individualized solutions over collective (and solidaric) ones.

Apart from the sheer complexity of the subject matter, another potential problem of decentralization is connected to the fact that works councils increasingly have to engage in social policy issues which used to be regulated in the political arena and not on the company level. In practice, the creation of a "demography fund" might trigger unforeseen distributional conflicts *within* the workforce on the company level. In individual cases, questions about who should primarily benefit from the additional resources (old workers, young workers, performance impaired workers, mothers) can turn out to become serious "political" problems- more so if the actually available resources are rather limited, as it is often the case with "demography funds". When it comes to define the concrete eligibility requirements of "solidaric" instruments (e.g., measures for families or for highly burdened workers), complex issues of "fairness" and "deservingness" may arise that are beyond the scope of works council's normal tasks. Works councils may find themselves caught between the frontlines of competing interests and group egoisms. It is also conceivable that there are occasions where work councils and trade unions overestimate the existing level of internal solidarity among the workforce.

A more general problem of life-cycle-oriented approaches is that the effects of these kind of policies usually are rather long-term ones, so that very often, short-term improvements for the employees and for the company can hardly be felt. Taking this into account, it is not surprising that short-term quantitative elements of collective bargaining policies (especially wage policies) still rank considerably higher in the political priority list of many unions and works councils than long-term qualitative elements. Trade unions always have to assess whether a call for mobilization would be successful when it comes to pushing for qualitative elements. Finally, it has to be noted is that, to put it bluntly, progress towards life-cycle oriented policies and processes can be expected rather in “times of peace”, when no large economic (and thus employment-related problems) are on the agenda of the sector and the single company. The example of the iron and steel sector, the pioneer of demography-related collective bargaining policy, shows that in times of crisis, the promises and hopes associated with the measures and instruments included in demography-related collective agreements often turn out to be overly optimistic.

To sum up, demography-related collective agreements should be regarded primarily as one means among others to make progress towards sustainable, life course-oriented policies that manage to integrate the interests of younger, older and middle-aged workers. Nevertheless, applying a life course perspective to the shaping of working time arrangements, working conditions and human resource policies is a very promising strategic approach that should be systematically expanded and developed further in the next years.

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