

Offen im Denken

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Social Dialogue in the German Construction Industry

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Specificities of the construction industry

- Buildings are designed for specific places and are always to some extent unique – Limits to mass production
- No stationary production, but „mobile“ factories with different compositions of employees, companies and trades
- Because of the many trades, there has always been a high proportion of subcontractors: Large construction projects are carried out by many small companies.
- Because of the local nature of construction: Globalization in the economy not export of product, but import of workers
- High instability of employment due to high cyclicity and weather dependency – High turnover of employees and companies
- High proportion of skilled workers and requirements for autonomous action
- Market failure in training due to low employment stability
- High physical stress and above-average risk of accidents

German Construction Labour Market in the 1950's

In the 1950s, the German construction industry was a sector with very unstable employment, massive winter unemployment (600,000 unemployed in the winter, 40,000 in the summer) and a declining willingness to train.

Problems of instability:

- For the workers: loss of income and low pensions due to repeated unemployment, holiday entitlements forfeited with frequent changes of company
- For the companies: Too low training rates, lack of skilled workers,, strong migration to other sectors.

From the mid-1950s, joint efforts by the social partners to "normalise" the construction labour market, i.e. to create stable employment.

Actors - Instruments

The prerequisite was actors capable of action at the national level

The actors:

- IG BAU: single trade union with centralised collective bargaining policy
- Two employers' federations for the craft trades (ZDB) and the construction industry (HDB) - decentralised structures, but delegation of collective bargaining to the national confederations.

Instruments

- Generally binding national collective agreements
- Levy financed Social Funds at industry level
- Joint representation of the social partners vis-à-vis politicians: State important for regulations and for co-financing individual instruments, such as the bad weather allowance.

Social Funds – SOKA BAU

The Social Funds for the Construction Industry (going back to the 1920's) is joint, parity-administered institution with 1122 employees in Wiesbaden.

- Based on a generally binding collective agreement
- Financed by a levy of 20%.

The following benefits:

- Financing of vocational training
- Financing of salaries for 6 weeks' leave
- Supplementary pension for construction workers
- Co-financing of the seasonal short-time allowance (old bad weather allowance)
- Services like managing working time accounts

Act as a kind of ideal joint employer, financing benefits that small businesses cannot afford.

Benefits linked to industry affiliation: Aim to promote vocational training and prevent employment churn.

Vocational training

Apprenticeship rate fell from over 10% (1950) to 1.8% (1970)

Reasons: Increasing cost competition, fear of loss of training investment due to high turnover, increasing quality demands.

1975 introduction of a levy:

- Reimbursement of approx. 50% of the training allowances
- Quality boost: financing of 36 weeks in 190 training centres
- Increasing the attractiveness of training by raising training allowances

2021: 438,7 Mil. € (290,8 Mil € reimbursement, 148,9 Mil € training in training centers including travel expenses)

Increase of apprenticeship rate (between 5,2 and 10% since then)

Integrated training curricula of construction occupations

Year 1 in weeks	Year 2 in weeks		Year 3 in weeks		Group 3 after 1 year site work	Trade profiles
Payment according to collective agreement	Group 5		Group 4			
Foundation training	General vocational training		Specialised vocational training			
15 weeks in firms and holidays 17 weeks in training centres 20 weeks in vocational schools	31 weeks in firms and holidays	11 weeks in training centres, 10 in voc. schools with trade specialism	36 weeks in firms, 10 weeks in voc. schools, 4 weeks in training centre,		Building	Bricklayer
						Concretor
						Furnace and chimney builder
					Civil engineering	Carpenter
						Plasterer
						Tiler
		Floor screeder				
		Thermal and noise insulation fitter				
		Dryliner				
			Roadworker			
			Pipe layer			
			Canal worker			
		Well worker				
		Tracklayer				
		Well builder				

Seasonal short-time allowance – Former bad weather allowance

Introduction of bad weather allowance in 1959:

- Co-financed by unemployment insurance and social funds
- Substantial reduction of winter unemployment

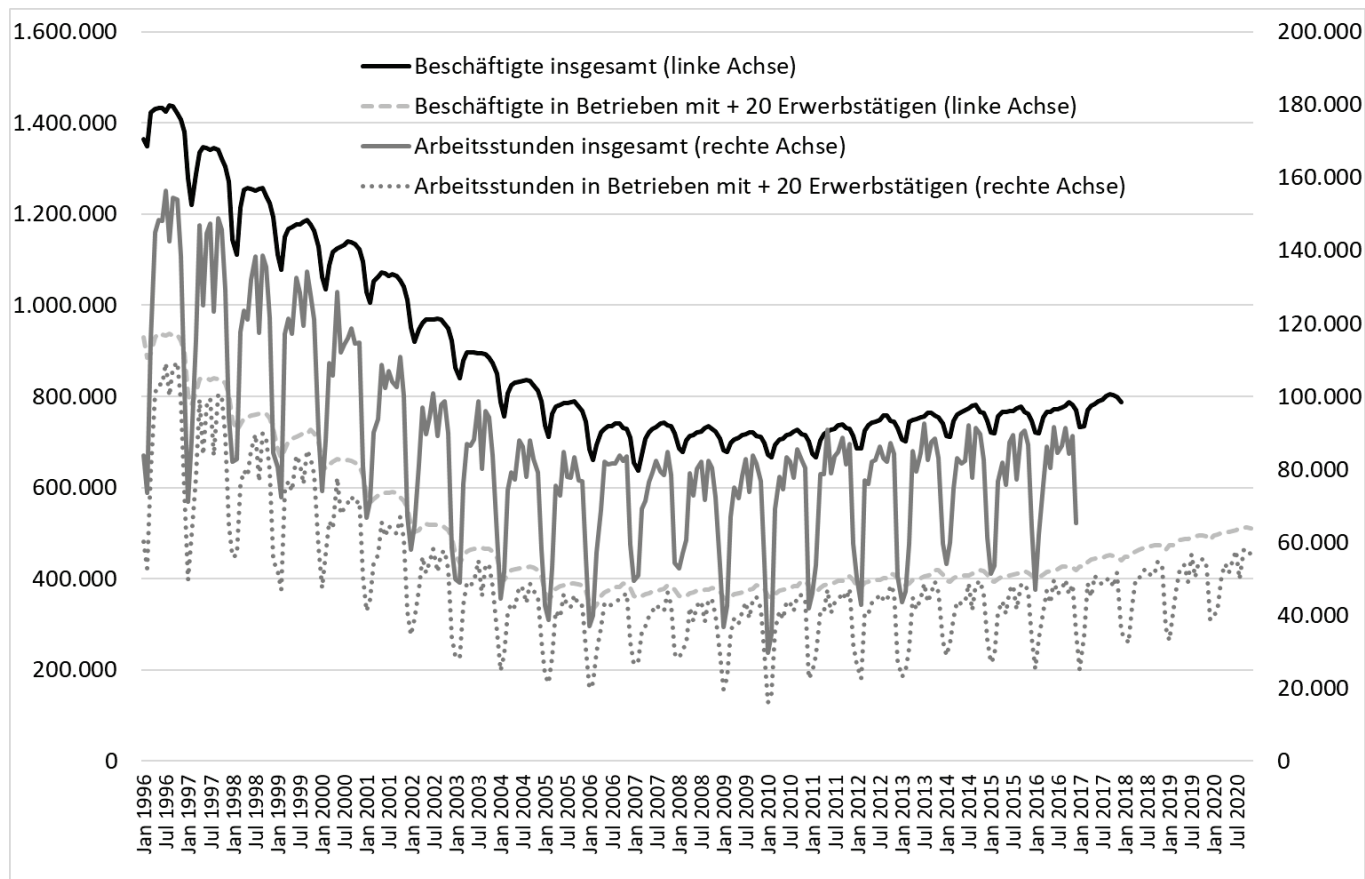
Between 1993 and 2005 in the neoliberal phase in German politics, gradual withdrawal of the state from financing - return of the costly winter work unemployment

2006 new Seasonal Short-Time Allowance (Saison-Kurzarbeitergeld):

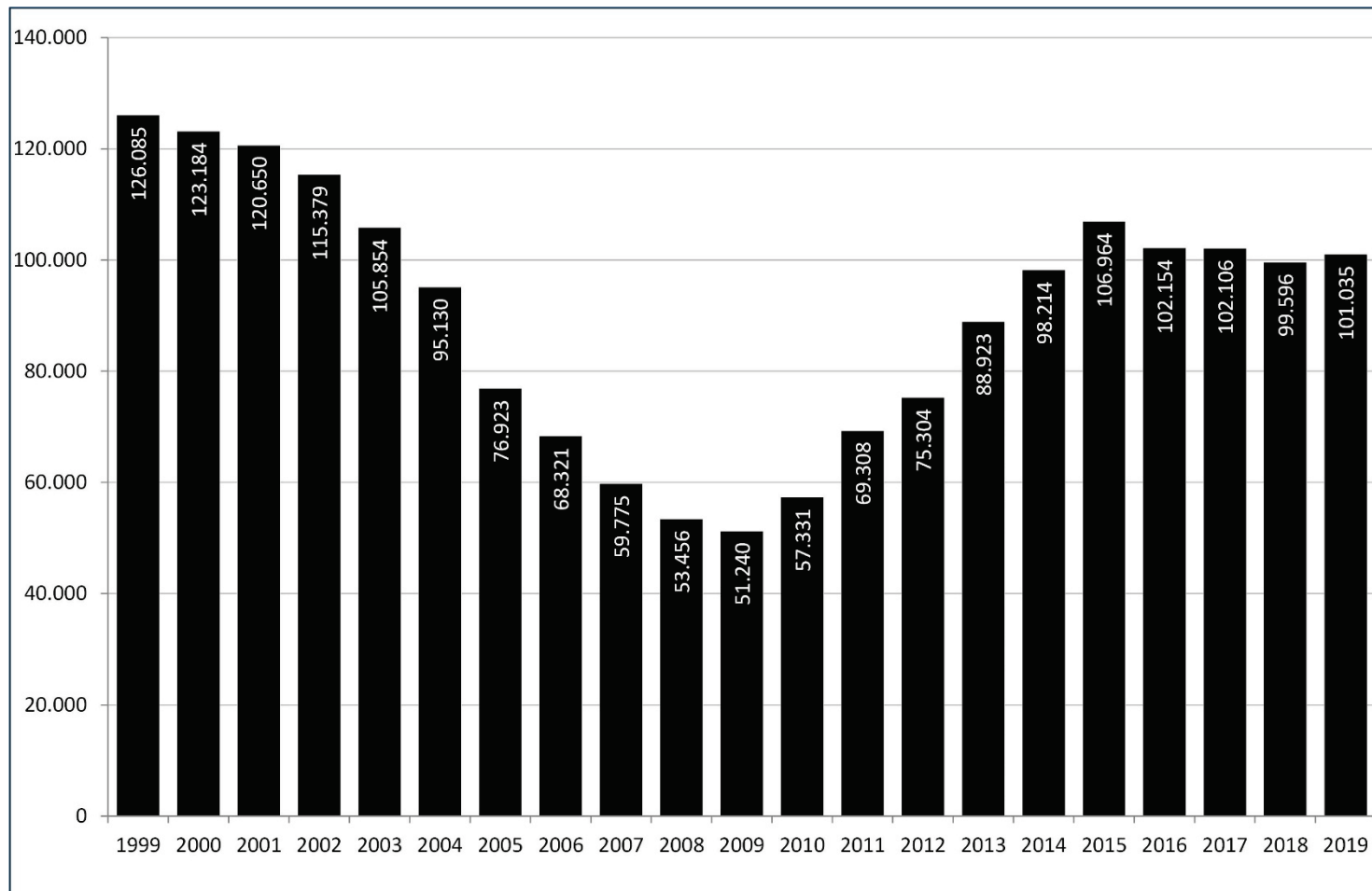
- Work stoppage due to weather or order conditions between 1 December and 31 March
- Unemployment insurance finances short-time allowance
- SOKA-Bau finances social security contributions and subsidies to companies if they continue to work in winter
- 2% levy (1.2% company, 0.8 employees)

Continued employment during short-time work is cost-neutral for the company

Reduction of employment fluctuation



Increasing share of posted workers from other countries not covered by the German collective agreements



Quelle/ Source:

Regulations for posted and agency workers

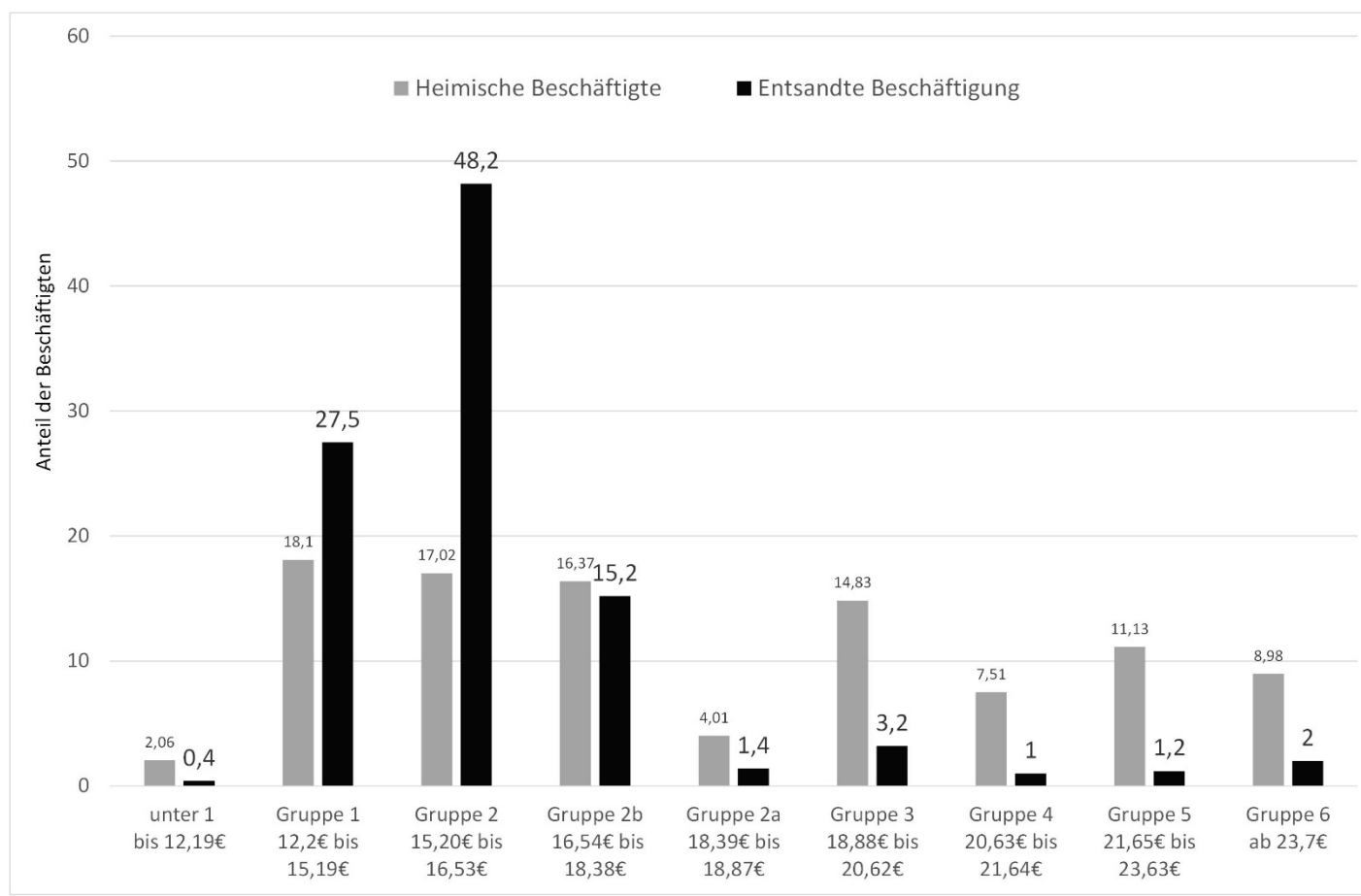
Competitive advantage for agency and posted workers:

They do not have to pay the levy of 20%

Therefore specific construction labour market regulations
regulations:

- Agency work only within the industry allowed
- Posted workers have to pay the levy for the vacation salaries - Therefore registration of posted workers
- Industry specific minimum wages which also covers posted workers – do not apply at moment – substantial differences of opinion between the employer's organizations

Wage differences of posted and domestic workers



Conclusions

- **Normalisation of employment relationships through sectoral regulations**
- **Increase of training through a levy system / free-riders have to pay**
- **Prerequisite for sectoral regulations: Consensus between social partners, political acceptance, state co-financing and generally binding nature of collective agreements**
- **Erosion of consensus through low-cost competition of posted workers**
- **Excellent example of how precarious employment can be avoided in a sector with many small enterprises through sectoral agreements.**

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Klaus Zühlke-Robinet

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