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Labor market policy in the transformation to a green and digital economy

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Structure

- 1. Difference between structural change and transformation**
- 2. Labour market forecasts - No one knows for sure**
- 3. Labour market dynamics: The different faces of transformation for the employees**
- 4. Internal Transformation**
- 5. Risky external Transformation**
- 6. Modernisation of vocational training**

1.1 Why do we actually speak of transformation and not structural change?

Structural change

- Shift in the number of employees in the sectors: result of many independent market decisions

Transformation:

- Upheaval as a result of several simultaneous trends: digitalisation and decarbonisation.
- Intended and thought of from the end with a long time horizon: reduction of CO2 emissions by 2050
- Covering several generations
- Bet on future innovation capacity and willingness to innovate
- Only possible with comprehensive changes in our way of production and living

3.1 Labour market dynamics in the transformation

	Numerical	Functional	Monetär
Inter- nal	Working time flexibility, change of contractual working time	Change of activity and/or job in the company	Change of remuneration in the company
Exter- nal	Voluntary/ involuntary change of company	Change of activity after change of company	Change in remuneration after change of company

The exact numerical framework of the different forms of mobility over time unknown: Need to prepare labour policy options for all forms.

Income, employment and skill risks in the transformation

Added to this is the generational change by 2050 - transformation multi-generation project: initial vocational training central

3.2. Dualised German labour market: High wage losses with involuntary occupational change (gross hourly wage mean in euros with and without occupational change 2012)

	In the learned occupation/profession	Self-initiated change of occupation (reason=reorientation)	Self-initiated change of occupation (reason = higher income)	Involuntary change
Men	19,5	18,9	23,9	14,7
Women	17,4	13,7	16,1	11,1
apprenticeship	15,3	15,4	20,6	12,8
School based VET	15,8	13,4	22,2	9.8
Advanced VET	20,8	15,6	23,2	15.0
Tertiary Education	26,1	26,7	30,7	16,3
Total	18,6	16,6	21,2	13,2

4.1 Internal Transformation (IT)

- **Strong employment protection and co-determination main drivers of Internal change in Germany**
- **IT requires forward-looking personnel policy – often insufficient**
- **example: IG Metall survey of 2000 works councils (2019): Only 22% of respondents see systematic personnel planning and only 14% systematic assessment of qualification needs**

- **Central tasks: Avoidance of redundancies through (1) internal transfers, (2) further training and (3) temporary reductions in working hours, (4) social plans (transfer to other companies/early retirement)**
- **Trade Unions: use co-determination to develop forward-looking HR policy (example: Project 2020 NRW)**

4.2 Project „Work 4.0 - North-Rhine-Westphalia 2020“

- **Ressources: (1) Own „Work 4.0“ team (only IG Metall 5 FT officials), (2) State money for consultants, (3) Hans-Böckler-Foundation financed evaluation**
- **„Work 4.0“ team identified companies with pro-active works councils and interested management – both signed a letter of commitment**
- **In 2017-2021: 6 - 8 all day workshops in 90 companies with the help of consultants:**
 - **Stock-taking of digitalisation of 4.0 in all departments**
 - **Involvement of employees as „experts of their workplaces“**
 - **Mapping of problems and chances**
 - **Development of pro-active strategies**

4.3 Results

- **High involvement of employees – traditional representative WC model changed**
- **New problems are the old ones: Job security, intensification of work, initial and further training, working time**
- **Management partly impressed by the professional approach – ready to sign „Future Agreements“ in around 30 plants/companies**
 - joint working groups / joint monitoring of changes: focus on training, working time,
- **Clear intensification of social partnership and co-management –**
- **But also failed cases (*WC's did not want too much trade union intervention, management lost interest ...*)**

4.5 Mainstreaming of „Work 2020“ in the IG Metall

- IG Metall Congress in 2019 decided to train 1200 „**Change Promotors**“ (full-time officials, work councillors, shop stewards)
- Kick-off events in all regions and in the union locals in early 2020
- Teams with all members from all groups from different companies define 6 to 9 month projects (revitalization of shop stewards, organizing white collar workers through thematic projects, industry 4.0 company maps, modernisation of training etc.)
- All 6 weeks reflection loops partly in IG Metall training centers / also per video
- May 2022 Congress with 1000 change promotors: Each participant got to know three other projects in detail
- Result: bottom up -organizational development process in the IG Metall

5.1 External change: crucial role of labour market policy

- **Until 2000: Train-first approach in labour market policy**
- **Paradigm change to work-first with Hartz laws 2004**
- **Substantial reduction of retraining especially degree-related further training of unemployed – mainly short „fast-food retraining“**
- **Since 2007 slow paradigm change: increase of degree-related further training because of skill-bottlenecks**
- **With coalition agreement complete break with Hartz-laws: train first approach for un- and semi-skilled unemployed**
- **Further reforms agreed upon in coalition agreement 2021: Increase of training allowance by 150 € per month, transformations-short time, paid training leaves for employed according to Austrian model**
- **Expansion of CET guidance at the employment offices with 600 posts**

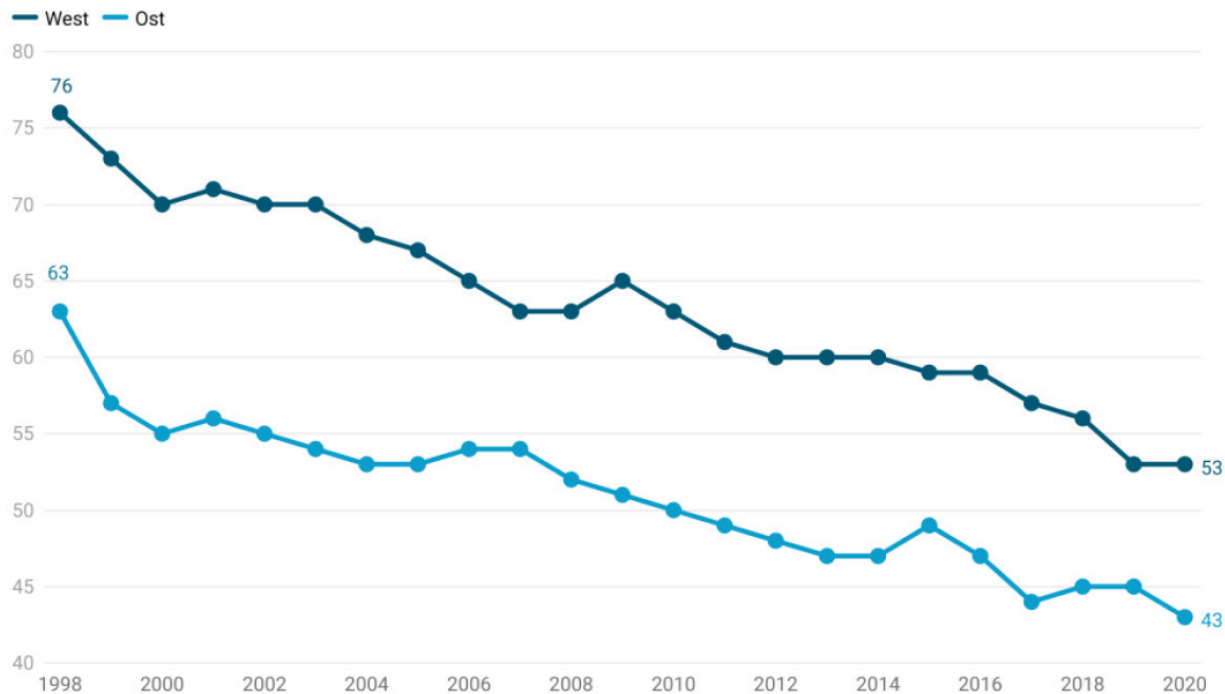
- **Also: Increase of age limit from 30 to 45 years in the youth orientated German grant/loan system for self-initiated further training according to the Swedish model**

5.2 Unemployed in retraining (average per year)

Year	Unemployed in retraining	Of this
		with certificate
2000	356.768	143.660
2005	111.744	70.500
2007	128.386	34.279
2010	188.360	59.947
2015	147.588	69.964
2020	148.416	70.187

5.3 Dressing coverage by collective agreements (CCA) increases the risk of external mobility

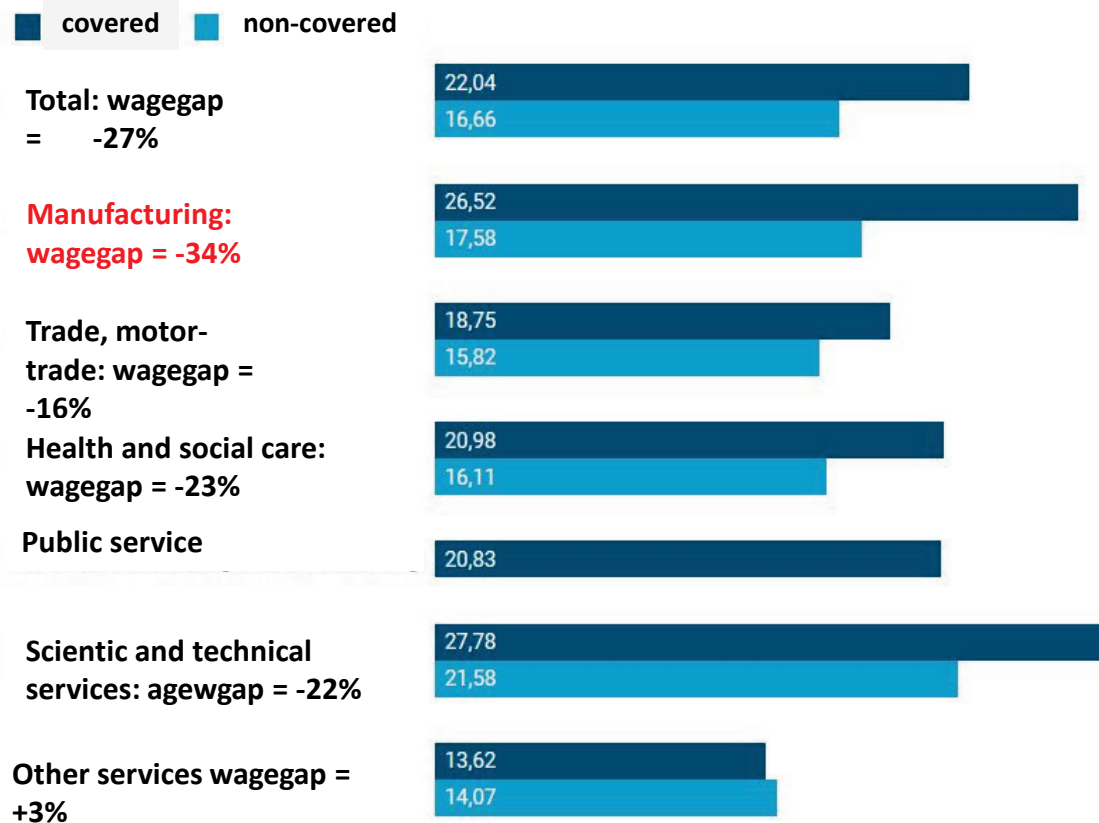
Coverage by collective agreements in Germany 1998 – 2020, in %



**competition between covered and non-covered companies:
Continuous decline of CCA - no deregulation needed**

5.4 High wage gap between covered and non-covered employees in the dualised German Labour Market

Median hourly gross wage in € of full-time-employees April 2018



Highest gap in manufacturing which is mostly affected by the transformation

5.5 Increase of CCA

Main instruments:

- **Organizing:** important but many house-fights with low aggregate effects
- **Extension of CA:** powerful instrument with short-term effects, but complete blockade from employer's associations - wage councils with independent chair persons needed
- **Prevailing wage laws:** powerful instrument with short-term effects; Prevailing wage law for federal contracts in preparation

6.1 Modernization of vocational training

- **61% of German employees have vocational training qualifications**
- **Around 4.5 % of the employees are apprentices in the dual system of vocational training**
- **Training in around 323 (2020) national white and blue collar occupations**
- **Training duration 2 – 4 years, 3 days a week in the company, 2 days in vocational schools**
- **Basic idea: broad training which helps to cope with changing work environment**
- **Social partners decide in the main committee of the German Federal Institute of Vocational Training on the basic standards of each occupation (occupational title, duration of training, training programme)**
- **Reforms of the occupations or the creation a new occupations are initiated by the social partners**

6.3 Modernization of vocational training

- **Most occupations modernized in the last decade**
 - Occupational profiles broader than in the past and technology open
 - Learning in teams and in real business processes to acquire social skills and understand the context of their work
- **Ongoing observation of new challenges and their impact on training**
- **Until 2021: Modernisation occupation by occupation**
- **Since 2021: Joint minimum standards on cross-cutting issues (digitalisation, sustainability, health&safety, Organization of the training company, vocational training as well as labor and collective bargaining law) for all 323 occupations**

Conclusions

- **Socially balanced transformation can only succeed with a bundle of measures - Focusing on further education alone is insufficient**
- **Transformation will take more than 30 years: stable guard rails - and not hectic short-term programs**
- **“experimentalism” – trying out new policies – learning from experience and mutual learning in Europe**
- **The acceptance of the transformation by the population will be decided by the distribution issues.**
- **Biggest problem of the transformation: the dualization of the German labour**