

Offen im Denken

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Training and regional policy in the transformation of the German automotive industry

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1.1 Labour market forecasts - No one knows for sure

Numerous forecasts and scenarios on the various transformation trends - Two examples

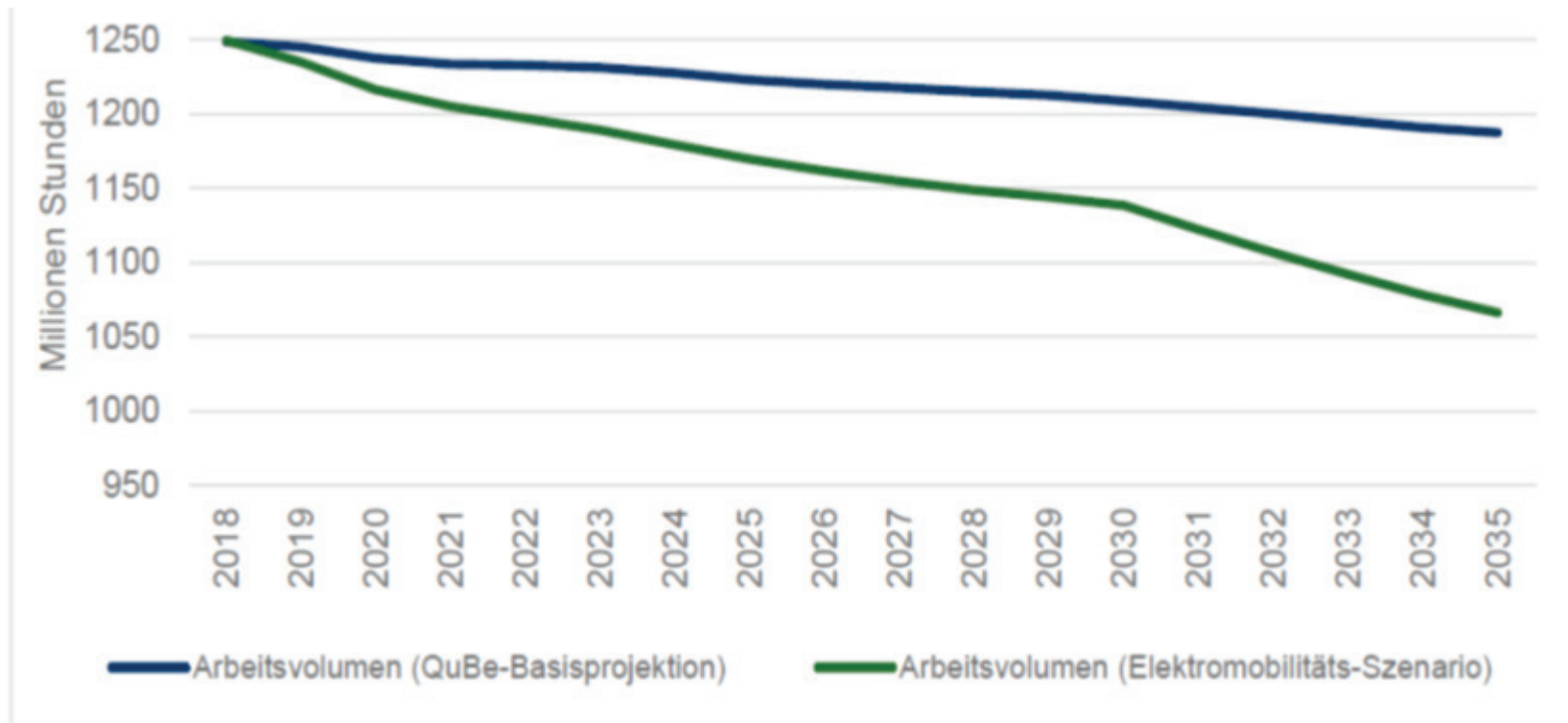
- Digitalisation: IAB study (Wolter et al. 2015): Slight increase in productivity, shifts between sectors, increase in services, loss of 60,000 jobs.
- Electromobility: " In 2035, almost 114,000 jobs will have been lost due to the switch to electric drive in passenger cars" (Mönning et al. 2018).

All forecasts depend on a few assumptions:

- IAB: slight increase in productivity growth.
- Mönning et al.2020 = import of batteries

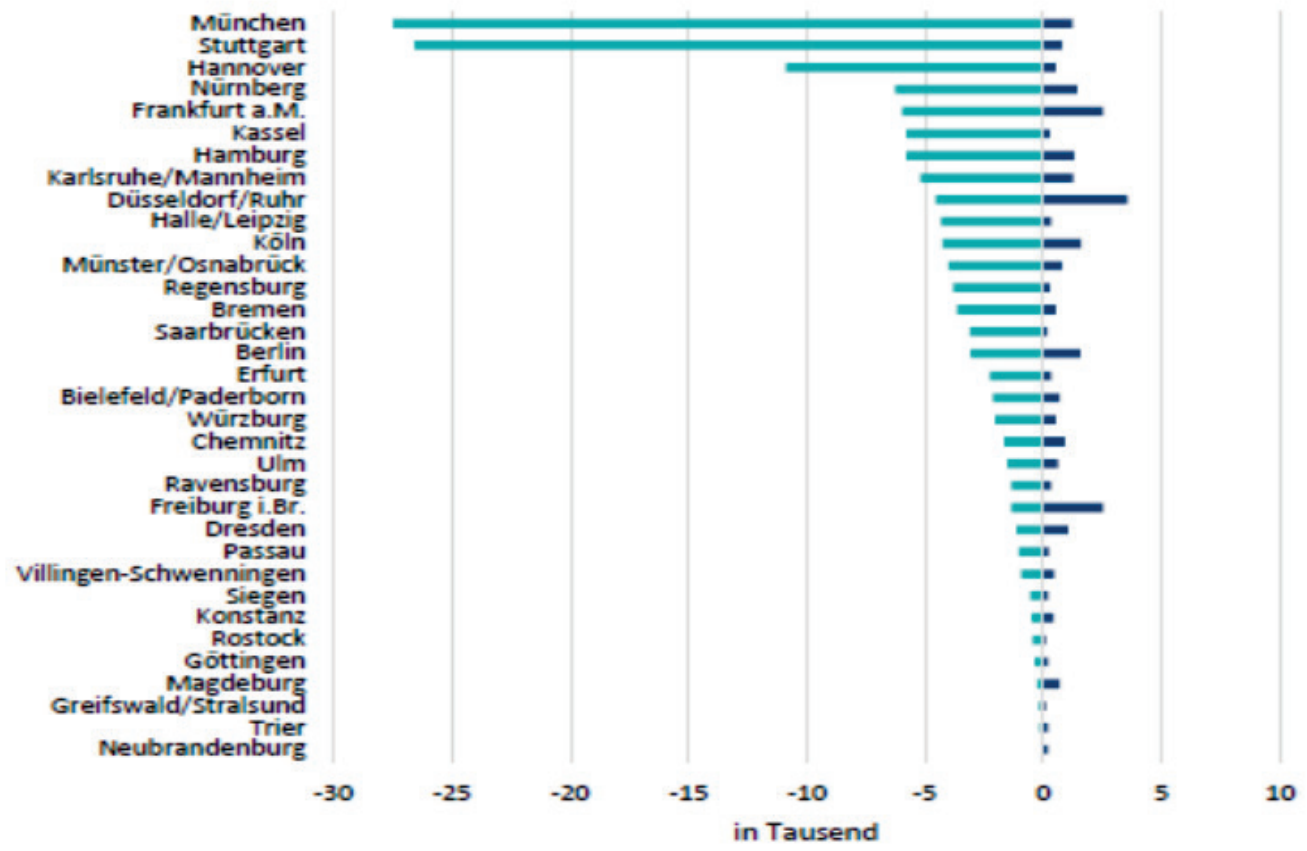
1.2 Effects of the transition to electromobility on the volume of work

Change in the volume of work in the German automotive industry during the transition to electromobility



1.3 Regional employment effects of electromobility

Number of jobs created or lost by labour market region in 2035 compared to the baseline projection



Source: Möhring et.al. 2020: 18

2. 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

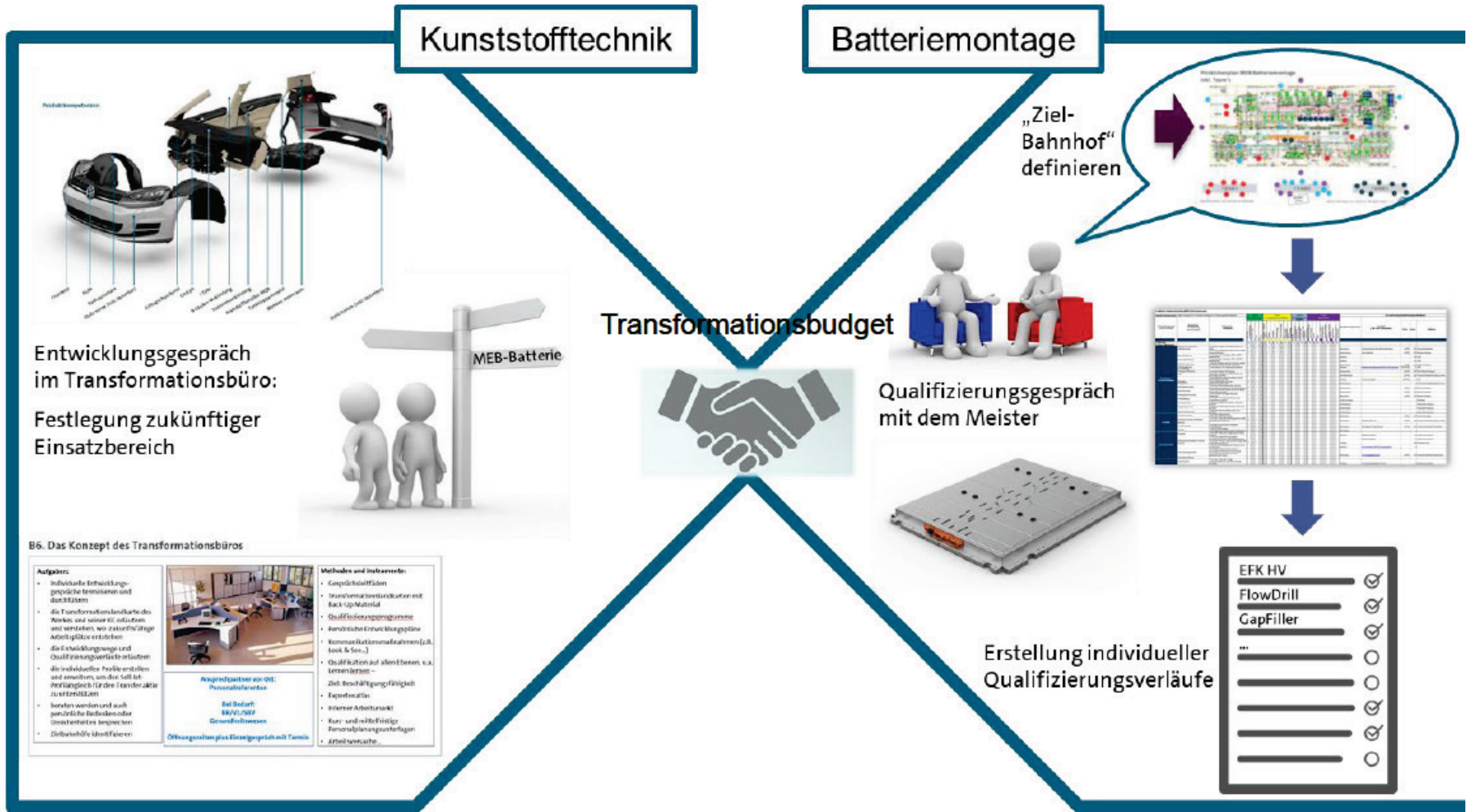
3.1 Internal Transformation

- **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)**

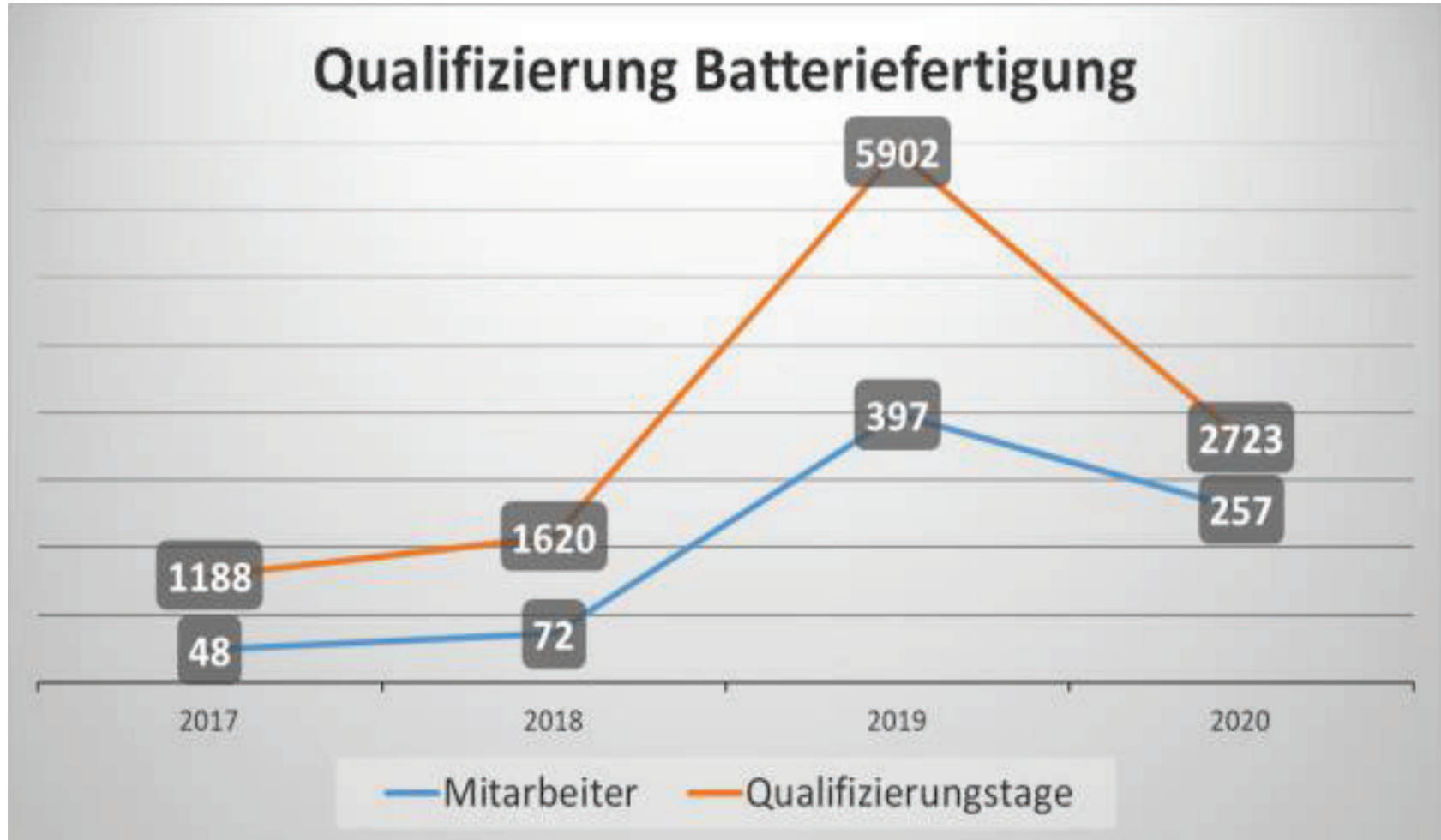
3.3 Conversion to electromobility: the case of VW Braunschweig (4500 employees)

- **Phasing-out of plastic parts and mechanical products production (-625 jobs), new jobs in battery system production and maintenance (+700 jobs)**
- **Further training central to transformation 1:1 transfers to the new jobs often not possible: long staffing chains affected 1/3 of the employees**
- **Transformation budget of 165 million € for all locations**
- **Organization of transfer via internal “transformation office”**
- **Qualification measures designed with the support of the VW-Group (e.g. fit-for-change 2 days; 22 days for electricians)**
- **Learning close to the workplace with practical elements**
- **No public funds - competitive disadvantage: Tesla hired employees in their greenfield with training vouchers from the employment office**

Transformation VW Braunschweig



Qualifizierung Batteriefertigung



3.4 Case of a plant of a big car supplier

- **The group is broadly positioned**
- **Location is 100% dependent on the combustion engine**
- **Decrease in development orders by 40%**
- **E-mobility topics are dealt with in other plants of the company**
- **Planned dismissal of 200 R&D employees**
- **Start of a closure of the site**
- **Transformation of the site not planned**

Aim of IG Metall to transform the site and avoid closure

3.5 Case of a plant of a big car supplier

Agreement on a social plan on “internal transformation and transfer to new jobs”

- **Works council and management launch ideas competition on new products – workshops organized with the help of external consultants and 10 engineers**
- **50 engineers develop future projects for other sites**
- **10 engineers receive Advanced Master's degree (E-Mobility, Software, Artificial Intelligence)**
- **Same postgraduate studies offered in the offered in the “transfer company”** (*employment office co-finances the costs of the transfer company, finances 12 months transfer short time allowance plus costs of training up to 24 months in case of mass dismissals*)
- **Incl. volunteer programme < 50 redundancies**

3.6 Temporary working time reductions to preserve jobs – deviating collective agreements

Daimler -administration and production

- no dismissals until 12/2030
- wt-reduction by 2 hrs per week without wage compensation

ZF Friedrichshafen 80 000 employees

- No dismissals until 12/2022
- Reduction of weekly w-hrs up to 30hrs
- Employment of all apprentices

Bosch: 35 000 employees in R&D, sales and distribution, administration

- No dismissals until 12/2022
- Reduction of weekly w-hrs by 8,75%
- Partial wage compensation

4.1 Regional policy

- Large regional programmes for particularly affected regions: for example, €40 billion for the conversion of lignite mining areas by 2038; Future Fund for the Automotive Industry 2021-2025 with high participation of social actors like unions
- The bitter truth: creating new jobs in the region usually takes longer than possible bridging measures
- Regional policy in coal regions helps the next generation
- Optimal for redundant employees: transfer to other companies like in lignite mining based on social plans

4.2 1 Billion „Future Fund for the Automotive Industry“ of the German government 2021 - 2025

- 340 million euros are ear-marked for financing regional transformation networks that develop regional transformation strategies. The aim is to improve knowledge transfer, particularly to small and medium-sized enterprises (SMEs)
- Example "Regional Transformation Network Southeast Lower Saxony for the development of a regional transformation strategy in the vehicle and supplier industry" which was applied for on the initiative of the IG Metall offices in Braunschweig, Wolfsburg and Salzgitter-Peine. It is funded by the Federal Government with 7.6 million euros for the period from January 1, 2022 to June 30, 2025
- Four other regional networks with trade union participation

Federal program of 100 Mil € for regional training networks in the car industry

„The aim of the federal programme is to establish binding cooperation and networking structures between companies, educational and counselling institutions and other important CET stakeholders with the help of regional coordination offices. The focus is, among other things, on surveying CET needs and advising SMEs as well as designing new CET formats in line with their needs. The aim is to give employees the opportunity to participate more frequently in continuing education and to learn future-oriented skills. In addition, a central coordination centre will be established. As an innovative platform, it is to organise an exchange of best practice examples between the collaborative projects and communicate collected findings to all interested parties. The coordination centre will also take on an advisory role to support organisations in setting up the network structures.“

Co-financing by the state - financial commitment of the companies required

4.3 Train first in 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**