The ‘better not cheaper’ campaign in Germany

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Background

• Need for economic regeneration in Northrine-Westfalia (NRW).
• Shift to services but manufacturing still significant.
• Competition from low cost Asian economies.
• Decline in trade union membership in Germany.
A brief note on German industrial relations

- Dual system: unions negotiate wages and conditions outside firms, works councils enforce labour regulations and collective agreements.

- With changing German economy, works councils confronted with key issues about the future of jobs.

- Attempt to ‘persuade’ employers to provide more secure jobs.
Outline of the campaign

- Starting point – can’t beat Beijing on price. Need to have competitive advantage through quality.
- Campaign driven by works councils, supported by unions.
- The campaign makes demands on companies:
  - Personnel development
  - Worker participation
  - Good work organisation
  - Investment in R&D e.g. products
  - An ‘innovation offensive’
Outcomes of the campaign

- Has the involvement of 500+ firms.
- Union information suggests:
  - Not without problems – some debate over weakening of collective agreements.
  - Unions want something in return through ‘better not cheaper’
    - Saved jobs
    - Led to investment in firms
    - IG Metall union membership decline halted and stabilised in NRW.
Examples

• Investment and innovation

• Development of new product markets

• Agreeing better ways working

• Niche marketing with new workforce training

• Networking of works councils

• ‘Using the gold’ inside workers’ heads
Reflection

- No one best way alternatives.
- Not without problems – some debate over weakening of collective agreements.
- Unions want something in return through ‘better not cheaper’:
  - Saved jobs
  - More investment by/in firms
  - IG Metall union membership decline halted and stabilised in NRW.
Looking forward

• Hopes to roll out the campaign nationwide.
• Modernisers now in control of the union.
• Reversing the membership trend will be a key issue.
• As will addressing increasing low wage work and widening income inequalities in Germany.
• The ‘sword of justice’ has to be the lever for that process.
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