

Chapter 6

Management's Perceptions of Social Dialogue at the Company Level in Germany

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6.1 Historical Context of Industrial Relations and the Labor Movement in Germany

Germany has had a strongly structured but evolving industrial relations system since World War II. Increased global competition and the cost of unification, however, has left its mark on what Streeck (1995) calls German capitalism. Although employers' generally remain committed to a system that promotes "interest convergence" (Sorge 1999), a level of decentralization has emerged, marked by some employers withdrawing from national collective bargaining arrangements and opposed to co-determination (Abel and Ittermann 2001; Artus 2006; Trinczek 2006).

On the surface the German industrial relations (IR) system might appear complicated and a multitude of contradictions to the non-German practitioner. However, German IR, widely referred to as *Modell Deutschland*, can be considered a finely tuned system of conflict resolution. A concept at the heart of *Modell Deutschland* is *Tarifautonomie*, free collective bargaining. Unlike in the Weimar Republic, the State deems collective bargaining the prerogative of employer associations and trade unions. At first sight this approach seems distinctly similar to that of British voluntarism where the emphasis is on State abstinence in the realm of employee relations. Such a conclusion would be quite false, though. German IR has a clear subsidiarity character, one in which the State plays an important role in employer and employee relations. The State legally sets the rules of the game (Müller-Jentsch 1997), a game designed to promote *Sozialpartnerschaft* (social partnership) and a high degree of flexibility. Discussing, for example, *Tarifautonomie* Müller-Jentsch (1997, p. 203) notes:

When we discuss *Tarifautonomie* today what is meant is the formalization and legal sanctioning of relations between labor market, trade unions and employer associations. In other words: the controlled conflict regulations and collectively acceptable agreements ensure that conflicts between capital and labor—when necessary in the form of industrial conflict—lead to compromises.

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Currently, around 53 % of employees in western Germany and 36 % in eastern Germany are covered by such an arrangement (Institut für Arbeitsmarkt- und Berufsforschung, IAB 2013). With the exception of Scandinavia such figures suggest collective bargaining remains high and stable compared to most other EU countries which have experienced a decline in collective agreements.

Historically, the State has also been heavily involved in promoting social dialogue at a company level. Since the 1920s the State has passed numerous laws designed to encourage communication between employee and employer representatives: the most prominent of these being the Works Constitution Act (WCA) (1952) and the Co-determination Act (1976) (Müller-Jentsch 1997). Here, too, deciphering how the system works can be a challenge, no more so when trying to comprehend the representative role of works councils. For example, the WCA requires WC members not only to represent the workforce's interests but equally to promote the economic viability of the company—this usually being perceived as a managerial task. As Whittall (2000, 2010) notes, non-German IR practitioners are known to be suspicious of German works councils, viewing them as nothing more than management lackeys. The resources works councils have at their disposal, a fully operationalized office as well as fulltime officers (all funded by the company) often raises questions about the independent nature of this institution. Certainly, numerous authors have picked up on this issue, either pointing out how (1) the WCA was designed to undermine the power of trade unions (Markovits 1986) or (2) how WCs have contributed to institutionalizing conflict (Müller-Jentsch 1997). Undoubtedly, relations with trade unions can prove complicated at times, especially in recent years with a growing emphasis placed on decentralizing collective bargaining.

However, reality is far more complex than it first appears. Firstly, what is widely referred to as the “dual system” of IR, company-plant level representation through works councils and branch level representation via trade unions, fundamentally accepts that relations between employers and employees is marked by a conflict of interests. The WCA, for example, recognizes that any cooperation is based on conflict and for this very reason the works councils are empowered with strong co-determination rights. Secondly, although legally classified as independent and so a possible threat to the power of trade unions in the realm of employee representation, works councils in most cases function as the extended arm of organized labor. Most works council chairs are members of a trade union, WC members play a leading role in collective bargaining commissions and WCs represent a key platform for winning new members to the trade union. In return, trade unions are (1) an important source of expertise for WCs and (2) legally retain the right to call industrial action. Moreover, this relationship has consequences for the value system of WCs. Hence, although WCs are legally bound to promote *Sozialpartnerschaft* their close association with trade unions goes some way in ensuring that their relations to management are not devoid of conflict.

These ambiguities, though, help to demonstrate an important quality within the German system, the open-endedness of employee relations. Although the State sets the parameters, the rules of the game, it is left to the actors to determine the outcomes. Such an institutional arrangement means that even given the regulated

character of *Modell Deutschland*, a point some employers are highly critical of, the system is not immune to change. The last twenty years, for example, highlight this point quite eloquently. Faced by three historical events of some magnitude, the unification of Germany, the economic integration of Europe and a global recession (the scale of which last experienced in the 1930s), German IR actors have been required to adapt. Thelen (2000) refers to this as 'functional conversion' nature of German IR, its ability to retain its key institutional characteristics even when faced new historical circumstances. Here, the emergence of open-clauses is an excellent illustration of *Modell Deutschland's* ability to respond to changing economic and political conditions (Whittall 2005). Designed to allow companies to adapt to fluctuations in the market place, open-clauses represent a partial decentralization of collective bargaining, empowering company actors with negotiation rights previously retained by employer associations and trade unions. Involving a readjustment of the dual system, company level negotiations have emerged to compliment rather than replace industry level collective bargaining. It is generally accepted that this process of "controlled" decentralization agreed by employer associations and trade unions has spared *Modell Deutschland* the dismantling traumas experienced in many other countries (Streeck and Rehder 2003).

More recently, German IR was put to the real test when faced by the repercussions associated with the financial meltdown (Lehndorff 2010). Employer and employee representatives at all levels combined to manage the crisis, preferring to use various working time models, i.e. a shorter working week and working time accounts as an alternative to making employees redundant (Klöpffer and Holtrup 2011). Some writers have commented that the crisis not only exemplifies the advantages of German social dialogue but equally has strengthened the system. Zagelmeyer (2010), for example, suggests that the crisis helped to bolster managements' support for WCs and trade unions, two employee institutions which had been heavily criticized prior to the crisis.

6.2 The Current Situation of Employee Representatives: What Do Human Resource Managers Say?

In what follows respondents, personnel managers, generally confirm the assumptions of current research on German IR that social dialogue in the face of global and European competition remains an important factor in Germany's economic success. Although respondents indicate relations are never straight forward, one interviewee even noting '*that like all marriages you have to work at it*' (*Personnel manager, Bank 3*), a general support for the notion of social dialogue prevails, however. In discussing the German situation, respondents in the main are referring to works councils and not trade unions. The dual nature of German industrial relations, a system which as noted above formally locates trade unions' influence firmly outside of the workplace, ensures that personnel managers' interaction with employee representatives is primarily with WCs.

6.2.1 Social Dialogue and the Attitudes of Works Councils

The majority of respondents, seven of the ten organizations in all, paint a very positive view of industrial relations within their enterprise. Generally, it was argued that the positive climate owes its success to the legal framework put in place to promote social dialogue. In particular, an acknowledgment that managers are legally held accountable for their actions. This position is summed up excellently by the following respondent:

It is important to act in a way that the WC is able to save face. It is not about winning one battle but about a long term relationship. When there is no trust then I have a problem. You have to remember that the WCs are very powerful. Co-determination has another level, it is not only the WC; we also have the supervisory board where employees are represented. Even when the employer has more votes (on the supervisory board) nobody wants a fight here. Therefore we are advised to have a good and equal relationship to the ERs. (Personnel Manager, bank 2)

Although historically management was initially skeptical, even critical of co-determination (Kotthoff 1994), fearing it would restrict their ability to manage, today's managers appear very receptive towards German co-determination. They view it as a solution to problems that can arise in companies. In the three cases (Brewery, Insurance and University) where interviewees were less glowing of their WCs, respondents suggested that relations were marked by low trust. Interestingly, the respective personnel managers were not necessarily critical of the German IR system, but rather the individuals in question. The respondent from the Brewery argued:

When I say that I could do without a WC, such a comment goes for the situation here. Generally, I think that WCs can have a positive influence and that working together with a WC can be very helpful. It is just that I am faced by a different situation here at the moment. I would say the relationship is Ok but it is not constructive. (Personnel manager, Brewery)

In these three cases, Brewery, Insurance and University, the respondents implied that their respective WCs were too influenced by trade unions, and as a consequence less committed to the principles of social dialogue. The implication being that the individuals in question spent too much time on union as against company business. The personnel manager of the University in question argued:

In my opinion the WC has this typical trade union view of the employer; the WC thinks the employer, namely the HR department, has a negative attitude toward the employees. That is wrong, but this is the opinion of the WC... The chair of the WC wants to demonstrate how much power he has. The WC chair is very competent. However, his problem is that he is very one-sided in the way he views things. The main competence that they require is to see both sides, the interests of the employees and the employers. (Personnel Manager, University 1)

Such a negative opinion of trade unions, however, was not a position held by the majority of managers interviewed. On the contrary, many respondents noted that although there was a strong union presence due to the fact that the majority of WC members carried a union card, unions' played a minor role within the company as a consequence of the dual nature of Modell Deutschland. Furthermore, relations were in the main constructive.

Interestingly, there was a general acceptance amongst management that conflict is a natural phenomenon of employee and employer relations. In short, a managerial culture exists in Germany which accepts a pluralist conception of employment. The following three respondents offer an excellent insight into how social dialogue is practiced in Germany:

I would say that we have a very good relationship with the WC. Naturally, the relationship is shaped by conflict. At the moment we are laying people off in response to the crisis. We are outsourcing and these are issues that both the WC and the union are unhappy about. On the other hand we are trying to ensure that such processes are implemented in a social and fair way. (Personnel manager, Bank 1)

Traditionally IR relations can be characterized as constructive, a desire to work together, and I think 99% of my colleagues and 99% of WC members would back me up on this. We are aware that we represent different interests. That is clear. But we are also aware that we sit in the same boat and that we have to row together so that the boat does not sink. And this is very different to the trade union situation in the UK in the 1970s, where the unions tried to push through only their interests rather than trying to reach a compromise and therefore were stripped of their powers by Thatcher. Here we are aware of the different interests, but we try to find the optimum solution for the company and its employees. (IR Manager, Consumer Company)

I do not see how we can make improvements. Legally the WC has quite different tasks (representing employees) and because of this there will always be conflict and from the point of view of legislators this situation is what they want. Both bring their interests to the table and seek to find the best possible solution. (Personnel Manager, University 1)

By signing-up to such a pluralist approach, management acknowledges the requirement to manage conflict. Hence respondents accepted that employees' have the right to be represented. It was outlined that an independent employee institution can have benefits for companies, too. One advantage involves better access to the workforce. It was pointed out that whilst employees are reluctant to raise issues directly with management such apprehension is not applicable to the works council. A number of respondents took up this issue:

I believe that the WC hears about a lot of employee issues that the HR department is unaware of. I believe we get a lot of information via the WC that we would otherwise not be aware of. For example, how is the mood amongst the workforce. (IR manager, Consumer Company)

There are situations that exist whereby the personnel department is forced to represent the interests of the employer and for this reason I think it is very important to have a counterpart which only represents the interests of the employees. (Personnel manager, Bank 2)

Next, respondents referred to the notion of legitimacy in connection with the existence of works councils. By having the WC on its side management indicated it was easier to gain the support of the workforce for proposed employment changes that might prove contentious. A WC is in a better position to gauge how the workforce is likely to respond to managerial proposals. A manager of a consumer company and leading figure in German personnel management argued very strongly:

I accept that my proposals cannot be implemented 1 for 1, but I know that a good WC, a WC that is critical, is able to offer constructive suggestions to find not only a solution but a better solution because they (WC) are in a position to consider views that I am not able to take into consideration due to my position as an IR manager. For example, what factors motivate or demotivate the employees. And for this reason I support this constructive process of decision making even when it costs a lot of time and can involve stress because I know that through this process of compromise we will reach the best solution. (IR Manager, Consumer Company)

Another personnel manager took up a similar position when discussing the issue of redundancies, pointing out that in such difficult times the WC can play a positive role in the implementation of unpopular managerial decisions:

It is nice to discuss things with them [WC members]... Before someone is made redundant they [WC members] turn the company upside down to see if they cannot redeploy this person. This means I can sit in front of the employees and WC and not have a bad conscience. (Personnel manager, Bank 3)

Concerning ERs' attitudes the majority of respondents depicted their works council as possessing an attitude that promoted a "balanced approach". They associated such a balanced approach with the need to take into consideration the interests of the employees and the company. Here, the WCA is deemed as having positive impact on WC members' attitudes, a socialization tool which helps to convince WC members of the necessity to take into consideration factors required to maintain the economic viability of their company. When asked to classify the attitude of their WC using a scale of 1 to 10, 1 being very poor and 10 being excellent, the majority chose between 7 and 9. Although they were referring to the specific situation in their company the following respondent catches the general mood amongst respondents when stating:

I would choose the number 7. They take their responsibilities seriously. They do not only work for their own interests but also for those of the company. As I said, I believe we have a good relationship. In a period when there exist so many difficult and not so pleasant issues (redundancies), it is hard to seriously improve the attitude of WCs. I am happy that we have developed a positive way of dealing with each other over many years. This has made life easier during the crisis (recent financial crisis). I have not got a clue how we could improve this (attitude). It is hard enough to keep what we have. (Personnel manager, Bank 1)

In sum, German managers viewed Modell Deutschland positively. Respondents highlighted how the legal landscape of employee relations helped promote social dialogue, which in turn made a useful contribution to the economic success of their company. As will be demonstrated below, though, the legal framework and the positive attitudes of WC members were not the only factors which contributed to creating a positive IR climate. Another important variable which interviewees often mentioned involves the competence levels of ERs.

6.2.2 Competencies of Works Councils

Respondents were unanimous in their assertion that for the German system to function it requires employee representatives which possess excellent competence

skills. The emphasis management places on WC competence levels can be observed by the fact that respondents were keen that WC delegates participate in training programs. Attending training programs were perceived to help WCs comprehend (1) developments within their business and (2) why management favors certain policies over others. One respondent suggested:

Maybe it would be a good idea if ERs had a certain understanding of how businesses work because it is not always recognized that management has to make sure the company is successful. I do not lay people off because it is something I like doing but because it is necessary so to ensure that the company can employ people in the future. (Personnel Manager, Bank 2)

As the following respondent notes, WC members, in particular chairs of WCs, need to have an extensive knowledge of German employment law, an understanding of the business and finally social skills:

The WC should have the function of a co-manager. Together with management it should be concerned with finding the best solution for the company and therefore WC members need to be orally competent, they need to understand financially how the company works. They need to possess all the competencies required of a co-manager so that they are on the same level as the top management. (IR manager, Consumer Company)

In the case of the consumer case study the manager in question highlighted how the excellent skills of the WC chair had led them to take on the mantle of management. The respondent drew attention to the fact that the WC had developed a vision paper in which it emphasized that (1) employees are our main concern, (2) we (employees) want to guide company decisions, (3) we (employees) want growth through highly qualified employees (job security), (4) we (employees) respect all parties involved in IR and (5) we (employees) want to be involved in developing sustainable competition. The interviewee was keen to point out how one could be forgiven for assuming that such a document was drawn-up by the personnel department.

Concerning the issue of social skills, for example, respondents outlined how good relations with the WC were heavily dependent on the WC chair managing other WC members. Due to the de-central character of Modell Deutschland, WC members representing their site/office, unanimity amongst WC delegates is not a given. In particular, communication skills play a key role, the ability to convince other WC delegates of the need to consider certain managerial proposals. The following two respondents made this very point when stating:

There is nothing worse than sitting opposite someone when at the end of the day they are not able to explain compromises to the workforce.... (Personnel Manager, Industrial Company)

The chair of the WC is known for his excellent social skills. He has the ability to put himself in other people's shoes. (Personnel Manager, Bank 1)

Clearly, differences in competence levels could be observed, with a close correlation between skills sets and certain sectors quite noticeable. For example, the personnel manager for non-scientific staff at a university was somewhat critical of WC members' competence levels, noting that their modest educational background was an obstacle to good working relations:

The members have been elected out of the workforce and for this reason they do not possess the necessary skills. A good WC member should have the basic theoretical knowledge, what rights a WC has. (Personnel Manager, University 1)

There is clearly an assumption in some managerial quarters that there exists a close correlation between the educational background and skill levels, ERs with a university education depicted as less emotive and guided by rationality. This point is taken up by the following respondent:

Many WC members, not the majority, have a university education and this helps. It is a lot easier when you have a WC chair that has been to university, I find it easier to deal with certain issues. In cases where the education level is not so high, and we have this problem, disputes are a lot more difficult because facts do not play a big role here, rather emotion and fear. This leads people to react in a harder way [less co-operative]. (Personnel manager, Bank 1)

On the other hand, WC members possessing a university education are perceived as not only able to comprehend intricate issues but equally more likely to seek a solution which serves all parties involved, i.e. a balanced approach. In cases where WC members do not possess the above skills a tendency towards what one respondent calls the “formal approach” prevails, formal channels take precedence over face-face interaction. Discussing relations with the former WC chair the personnel manager of an insurance company noted:

When they had an issue they would drop by and ask me if I had any problems if they spoke to someone about this issue. They assured me they would keep me informed. That is the way we did business. It worked really well. It had to do with the person in question... Our open door policy seems to be [currently] suffering. They [current WC] prefer the more formal approach. A new hobby seems to be sending e-mails. When I get to my office on Monday I have half a dozen e-mails from the same people. I keep telling them to drop in so that we can sit down with a specialist and try to answer the question. But no, they insist it has to be put down on paper. (Personnel manager, Insurance Company)

However, it needs to be recognized that respondents could be expressing a degree of bias here, their own university background guiding their assumptions’ of what factors contribute to WC members possessing excellent competence skills. For example, one respondent, the personnel manager of a leading German multinational, viewed their counterpart, an individual without a university education, very highly:

The chair has the advantage that he is not vain, someone who has a good ear for the shop floor and someone who is able to understand problems and find solutions. Some people make life difficult because they prefer micro-management, sometimes this is necessary but it is necessary to look at things in an abstract way if you are going to make progress and this he is able to do. He is an old fox—he has been on the joint WC since the 1980s. He has experienced a lot of things and has a good understanding of the company. (Personnel manager, Industrial company)

Interestingly, respondents demonstrated a high degree of sympathy in cases where WCs lacked certain competencies. As noted above, respondents were committed to a professionalization of ERs where this was required. In particular, ERs knowledge of employment law was viewed as placing them at a disadvantage compared to their

counterparts in the personnel department. With the exception of one respondent all the personnel managers that participated in the study had a degree in labor law. The majority of interviewees, however, indicated a lack of interest in taking advantage of this potential weakness on the part of ERs. On the contrary, some respondents were even eager to address this problem for a number of reasons. Firstly, there existed a general commitment to getting ERs up to speed. ERs not versed in German employment law were portrayed as potentially problematical. This is because discussions can prove time consuming as ERs tend to constantly seek clarification with regards managerial proposals. Usually, this involves consulting with their respective trade union. Secondly, it was suggested that a sustainable working relationship requires management not to take advantage of their superior knowledge of German employment law.

As already indicated German co-determination empowers ERs with far reaching rights, especially at the supervisory board level. In addition, the dual nature of *Modell Deutschland* also ensures ERs have access to trade unions' highly resourced legal departments. Hence, a situation would appear to prevail in which management prefers to deal with well-informed ERs rather than a trade union speaking on behalf of the workforce. The former scenario is more likely to be the bearer of social dialogue.

6.2.3 Trust and Labor Relations

As directly or implicitly indicated in previous sections, trust represents the glue that holds the system together. The majority of interviewees indicated that trust relations were high. The following respondent sums up nicely the general position that would appear to prevail in most of the companies that participated in the study of social dialogue in Germany:

I think the trust level is very high, and this has to do with the fact that the WC has never used any form of industrial action to stop something it is unhappy with. The total blockade has never occurred. When we involve the WC discussions take place. The discussions can sometimes be quite hard, but at the end of the day we reach a joint solution. (Personnel Manager, Cigarette Company)

In the two case studies where trust proved more problematical (University and insurance company), although differences could be observed here too, the latter less critical of the WC, both personnel managers were disparaging of the fact that WCs had begun to by-pass the personnel departments. This involved the WCs taking-up issues directly with the board/senior management. As one respondent pointed out the poor trust relations meant WCs might renege on a decision:

In the past I could depend on the WC, they kept to their word. In recent months our experience tells us that things have changed. (Personnel Manager, Insurance Company)

More generally all respondents indicated a key variable which contributes to successful trust relations concerns space, the need to limit the geographical space

between the WC and the personnel department. The personnel manager of a German brewery noted that they had better trust relations with the local WC merely by the fact that they sit in the same building. Another personnel manager indicated that for this very reason his main task in the coming year would involve visiting as many WCs as possible spread around Germany. For this reason some respondents favored the WC sitting on the same corridor as the personnel department as this can help to promote a higher degree of interaction. Why send an email when the head of HR sits two doors down the corridor?

Trust, though, is depicted as a commodity which requires constant cultivation. The majority of interviewees indicated that trust relations had had to contend with large levels of redundancies in recent years and as a result, '*This has had consequences for trust relations (IR, Consumer Company)*'. Respondents pointed out that one means of improving trust relations could involve management and the WC jointly attending seminars on issues relevant to both parties, or alternatively holding workshops together. Although the personnel manager of the insurance company was less than happy with the current WC, they indicated that in the past they had successfully put in place processes which had to be adhered to when dealing with each other:

We developed rules about how we wanted to deal with each other as well as processes for dealing with problems. (Personnel Manager, Insurance Company)

6.3 Employers' Perceptions of ERs. Results of the Survey

These results are based on the survey of 33 German HR managers from different sectors. These are compared to the scores taken from 581 HR managers from ten other countries in Europe. The significant differences have been circled.

In Fig. 6.1 a picture emerges which supports in the main the key qualitative findings, namely relations between HR managers and works councils is positive. Furthermore, that WCs make a positive contribution to the business. A few examples help demonstrate these facts. For example, in terms of *industrial relations* and *trust* German ERs' score was significantly higher (M = 3.76) than the rest of Europe (M = 3.31). In terms of *competence* levels, too, ERs score higher (M = 2.90) compared to Europe (M = 2.47) in the eyes' of German HR managers. In terms of *organizational commitment* German ERs (M = 3.59) are portrayed as being more positive than their European colleagues (M = 3.16). The same applies for *cooperative conflict management* by ERs (Germany M = 3.09 and Europe M = 2.80) and for *characteristics and quality of agreements* (Germany M = 3.36 and Europe M = 3.09). ERs also score very high in terms of their *impact on traditional issues* (Germany M = 3.29 and Europe M = 2.65), as well as on *innovative issues* (Germany M = 3.09) and Europe M = 2.80).

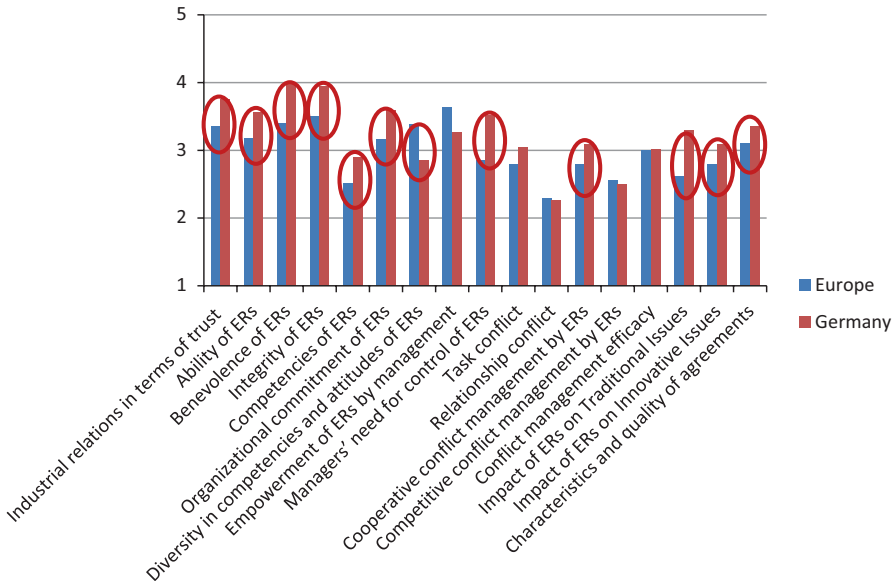


Fig. 6.1 Mean scores of main variables for German and European HR managers

6.4 Suggestions Given by Employers to Improve Social Dialogue in Germany

In the main the qualitative and quantitative findings depict a flourishing German employee relations landscape—at least at the company level. In most cases the respondents had studied German labor law. This fact would appear to contribute to their favorable disposition towards Modell Deutschland. In most cases their legal background, at least on the surface, suggests German personnel managers accept that employer and employees relations are ultimately a pluralist relationship, i.e. acknowledge the potential conflict of interest between employers and employees. Hence, their job (here German co-determination law plays a supporting role) together with WCs is to manage conflict where it arises. Of course, the dialectical nature of employee relations ensures that a degree of flexibility has to be addressed. Therefore, respondents did indicate that sustaining the German system required consideration of how they could personally improve the way they function, but equally how ERs could enhance their skills sets.

In the case of WCs the majority of HR respondents praised the competence levels of the chairs and their deputies. However, it was suggested there was room for improvement with regards the wider WC, in particular in the area of employment law. Certainly, WCs in the process of a generational change, this due either to the election of a new WC or the retirement of the existing chair, appear to be particularly affected by a skills deficit problem. As a consequence the implementation of new actions is difficult:

This makes life difficult. It costs time. This department and the board want to implement things. (Personnel Manager, Insurance Company)

It should also be noted that six of the ten companies in question were multinationals and as a consequence highlighted the need for certain skills specific to their situation. In particular, ERs were criticized for not possessing the necessary foreign language skills needed to function within a global company. As the following IR manager suggests this requires a possible professionalization of ERs, individuals needing to feel at home on the international scene as much as they do on the national scene:

I will give an example. When we are required to implement international projects and we show English charts and slides there are WC members, people who have been WC members for many years, individuals who have worked for an international company for many years, but who are still unable to read these. I think this is unacceptable. There are many reasons for this. One of the reasons is that WC members, certainly in large companies are required to do a lot of different things, they need to learn a new language, they need to be able to read the financial books, they need to be good communicators and they need to deal with CEOs. But they are still paid as normal workers. (IR manager, Consumer Company)

According to the same respondent this might require a re-writing of the Works Constitution Act, specifically in relation to the question of remuneration. The implication being that the job of many ERs is similar to that of top managers. Hence, it was suggested there is a need today to pay ERs as if they were managers. The implication being that higher pay scales for ERs would encourage highly qualified employees to consider a career within the WC.

In discussing more generally how social dialogue could be improved in Germany a number of respondents made reference to European developments. It needs to be noted, however, that the majority of interviewees had a very limited knowledge of European employment law. One respondent even indicated a certain degree of apprehension concerning the spread of European legislation, indicating that national traditions have proven their worth over many decades. It was suggested:

For this reason we would be well advised to leave them how they are. (Personnel Manager, Industrial Company)

On the other hand, though, one manager was in favor of expanding the influence of European employment law, in particular giving the European Works Council more power (EWC):

It [European Works Council] does not have a sword. It does not have the means to place management under pressure... If we really want to have co-determination at a European level then I have to give this committee far more rights... It makes sense to have an EWC where I can raise this issue and where I can reach an international agreement covering the affected employees instead of trying to find out in each country who you have to negotiate with. It is a long process [individual national negotiations]. The current EWC can only be considered as having reached an intermediate stage. Otherwise the only thing we will be left over with is hot air. (Personnel manager, Bank 1)

In sum, although German HR managers generally portray German social dialogue in a positive light, they acknowledge that the ever changing nature of business requires constant improvements in the sustainment of Modell Deutschland. In particular, an improvement in the skills sets of ERs, specifically non-WC officers, would help contribute to a speedier implementation of business strategies. Concerning Europe,

HR respondents' knowledge of EU measures to promote social dialogue remained scarce. However, in contrast to other EU member states this could be put down to the possible superfluous nature of European social dialogue.

6.5 Discussion: Expectations of German Employers on ERs' Roles, Attitudes and Competences

Historically, German social dialogue is the bedrock of employment relations at company level, HR managers and their employee counterparts can call on a legal framework that promotes co-operation between both parties spanning nearly a hundred years. HR managers are conscious that an inability to reach compromises, even in situations where the balance of power is currently in their favor, can have negative repercussions at a later date as ERs are legally empowered with strong co-determination rights. In turn, German co-determination law holds ERs accountable for their actions, in particular the need to represent the interests of employees and those of the company. It would be a mistake to assume that Modell Deutschland is bereft of conflict, however. On the contrary, both parties accept the prevalence of conflict and for this reason are committed to jointly managing disputes.

The HR managers interviewed, managers who work on a daily basis with WCs, generally depict ERs as competent and committed to resolving conflict situations. There prevailed an acknowledgment on the part of most managers that ERs have to "rattle their sabre" occasionally, especially half-year before WC elections. Such actions are accepted as necessary, a means whereby WCs demonstrate to their constituents that they are not in management's pocket. Relations with ERs soon return to their old state of equilibrium once the WC officers have been re-elected.

Finally, many factors have been referred to in explaining, relatively speaking, how Germany has fared quite well in the face of the current financial crisis compared to the rest of the EU. Moreover, HR respondents referred to the importance of social dialogue in dealing with the economic downturn. It was confirmed that once employers and ERs comprehended the severity of the financial crisis they proceeded to jointly manage the situation, introducing various flexible working time arrangements to reduce the working week or in severe cases drawing-up of social plans to try and alleviate the consequences of unemployment.

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