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Continuing Vocational Training in Germany

1. Introduction

Overview

The public system of continuing vocational training (CVT):

- In Germany, CVT for unemployed persons is administered and financed by the public employment service (Bundesagentur für Arbeit 2010). However, CVT is not systematically regulated (neither by law nor by collective agreements).
- Granting CVT benefits for employees lies in the hands of the firms. The individuals themselves are responsible for CVT (Busse/Seifert 2009: 7).
- For a long time, there were no wide spread regulations on CVT in collective agreements, like they exist for employees' working conditions and wages.

The role of collective labor agreements (CLAs) in CVT:

- There is a relatively small effort in regulating financing and provision of CVT for employed and unemployed or people with special needs by collective agreements (especially compared to the Netherlands).
- National sectoral agreements for CVT exist in the construction, printing, metal and agricultural sectors.

- Sectoral CLAs for occupational CVT for the unemployed only exist for certain professions within the construction sector (and often only in eastern Germany) (Grünewald/Moraal 1998: 25, 27).
- An example of a regional sectoral agreement is the 1988 contract on wages and frameworks of the metal industry *Nordwürttemberg/Nordbaden (Lohn- und Gehaltsrahmentarifvertrag der Metallindustrie Nordwürttemberg/Nordbaden)*. The evaluation of this agreement showed a deficit in implementation (Bahnmüller et al. 1992: 347). Walter Riester, a leading representative of the metal workers union, *IG Metall*, at the time, said that the works councils just did not see CVT as something important to focus on (Bahnmüller et al. 1991: 179).
- In a few sectors there are sectoral CVT funds: Funds exist in the textile industry, the scaffolding business and the steel sheet packaging industry (Seifert 08.12.2009, interview).
- The chemical industry pursues an innovative approach to promote CVT through CLAs.

Levels of Bargaining

In Germany collective bargaining on CVT mainly occurs at sectoral level (Giaccone 2009: 14).

Actors

There are two major workers' unions involved in concluding CLAs on CVT:

- Industrial Union of Metalworkers (*Industriegewerkschaft Metall, IG Metall*): It is one of the dominant unions in Germany and concluded the agreements on CVT in the metalworking sector and in the textile sector.
- Mining, Chemical and Energy Industrial Union (*Industriegewerkschaft Bergbau, Chemie, Energie, IG BCE*): It is one of the major unions in Germany. Before 1995, the different sectors were separated. In this time the Chemical Industrial Union (*Industriegewerkschaft Chemie, IG Chemie*) used to be an important union. They merged and became IG BCE. This union concluded the different CLAs concerning CVT in the chemical sector.

There are three employers' organization involved in concluding CLAs on CVT:

- *Gesamtmetall* (no official translation found): umbrella organization of the regional employers' associations in the German metal and electrical industry. It concluded the agreement in the metal industry.

- The Federal Employers' Association for the Chemical Industry (*Bundesarbeitgeberverband Chemie*, BAVC): It concluded the CLAs on CVT in the chemical industry.
- Confederation of the German Textile and Fashion Industry (*Gesamtverband der deutschen Textil- und Modeindustrie*): It concluded the CLA on CVT in the textile industry.

Critical junctures

Definition: Critical junctures are time periods or years when important decisions on the development of the collectively negotiated CVT scheme were made.

There are five critical junctures:

- First, in the 1960s there was collective bargaining which was always bound to given circumstances (like measures of restructuring within a branch and the resulting threat of unemployment) that created a specific necessity for CVT measures (Seifert 08.12.2009, interview).
- Second, in the 1980s the traditional 'quantitative' approach towards adopting collective agreements started to undergo strong criticism. A majority of the union members demanded an integration of 'qualitative' issues such as environment, health, advancement of women and CVT. In the second half of the 1980s, in the context of technical and organizational change, a number of collective agreements which contained regulations on training were passed. The most important agreements at the time were the 1987 CLA on social security in times of technical and labor related restructurings at Volkswagen (*Tarifvertrag zur sozialen Sicherung bei technischen und arbeitsorganisatorischen Änderungen bei VW*), the CLA for CVT and occupational re-training in the printing industry of 1990 (*Tarifvertrag zur Fortbildung und Umschulung in der Druckindustrie*), as well as the 1988 firm-based agreement of German Shell (*Deutsche Shell AG*) and in the paper and ceramics industry (Bahn Müller et al. 2001: 25, 26).
- Then, third, in the second half of the 1990s the amount of CVT regulations started to increase. This influenced the social partners' strategies in CVT. The primary goals were to enforce the competitiveness of the company and to improve the employability of the employees. Before this shift, the primary goal of CVT was rather to protect employees from the consequences of company restructuring. In general, CVT was much more based on prevailing problems (like advancement of women or as said, danger of unemployment) at that time.
- Fourth, since the 1990s CVT became more issue-independent. A general entitlement to CVT for all employees started to emerge (Busse/Seifert 2009: 18, 19).

- Fifth, the agreement on qualifications (*Qualifizierungsvertrag*) which was introduced in the metal industry in 2001 marked a turning point in the development of CVT in collective agreements. It moved away from strict definitions of CVT and numbers of days for educational leave and provided employees the right on an annual individual interview with their superior for defining the training needs and measurements (Busse/Seifert 2009: 23).

2. Important Collective Agreements (Examples)

There are mainly two different types of CVT schemes to be found in the collective agreements:

- The agreement on qualifications (*Qualifizierungstarifvertrag*): It is an important scheme and has been introduced in similar ways in a number of different sectors:
 - in the textile industry (1997),
 - in the metal- and electro industry of *Baden-Württemberg* (2001), established by the *IG Metall*,
 - in the chemical industry (2003),
 - in the steel sheet packaging industry (*Feinstblechpackungsindustrie*) in 2004,
 - in the agriculture and forestry sector in 2005,
 - in 2005 in the public services,
 - in the metal- and electro industry of *Nordrhein-Westfalen, Niedersachsen und Sachsen-Anhalt und Hamburg* in 2006, established by the *IG Metall* (Bahnmüller 2009: 2).
- CLA on working time and demography in the chemical industry (*Chemie-Tarifvertrag Lebensarbeitszeit und Demographie 2008*)
 - This is the first agreement in Germany, which picks up the problems and challenges of demographic change and gives the companies suitable tools to handle these (Gensch 2009: 1).
 - The companies commit to run an analysis of their company-specific demographic situation until 31st of December 2009. Based on this analysis the employers and the work councils agree on which measures should be taken at which point. Among the suggested measures are a number of tools to provide for better old age security and flexible working time (early retirement), as well as measures concerning education and compatibility of work and family life.
 - The employers pay 300 EUR per employee annually into the demography fund (*Demographiefond*). Each year the contribution increases starting from 2011 by the percentage increase in wages.

- The demography fund can be used in 5 different ways:
 - compensation time account (*Langzeitkonten*),
 - early retirement,
 - part pension (*Teilrente*),
 - additional insurance against disability (*Berufsunfähigkeitszusatzversicherung*),
 - occupational pension (managed through *ChemiePensionsfund*).
- The compensation time accounts create the possibility to take purposive additional leaves from work. These leaves can be taken for CVT, pension or care (Erhard 2010: 11).

3. Important Sectors

- The metal industry pioneered in introducing the agreements for qualifications within the *Qualifizierungstarifvertrag* (Seifert 08.12.2009, interview).
- The chemical industry pursues an innovative approach to promote CVT in its branch. The sector is characterized through a great heterogeneity in the size of the firms and a strong tradition of consensual relationships between the social partners. These two factors facilitated the emergence of a bipartite CVT fund. This fund is entrusted with the analyses of training needs, the development of training measures and consulting for issues concerning training for the companies. This fund is financed by equal shares through both social partners and administered by a bipartite committee. Further on, it has a board of advisors, which consists of 16 members who are all appointed through the social partners (Bahn Müller et al. 2001: 37).
- Since 2008, the chemical sector has put the CLA on working time and demography (*Lebensarbeitszeit und Demographie*) in place.
- In the printing sector employers consult trade unions each year in order to identify the impact of technical progress and organizational change (Giaccone 2009: 15)

4. Structure, Organization, and Mode of Administration

- In Germany, CVT funds that finance training are rather rare (Busse/Seifert 2009: 30).
- The CVT funds occur in sectors that are characterized by small business structures. Funds exist in the textile industry, the scaffolding business and the steel sheet packaging industry (Seifert 08.12.2009, interview).
- The chemical industry shows a great heterogeneity in the size of the firms and a strong tradition of consensual relationships between the social partners. These two factors

facilitated the emergence of a bipartite CVT fund. It is administered by a bipartite committee of advisors which consists of 16 members who are all appointed by the social partners. The fund is entrusted with the analyses of training needs, the development of training measures and consulting for issues concerning training for the companies (Bahnmüller et al. 2001: 37).

- The agreements on qualification (*Qualifizierungstarifverträge*) create a bipartite committee of the social partners to organize qualification counseling and implementation. They support businesses in offering CVT measurements, for example in the metal-, textile and chemical industry (Busse/Seifert 2009: 25).

5. Role of the State: Financial Support, Legislation, and Extension

- According to Seifert (08.12.2009, interview), the state plays a very passive role within collectively negotiated CVT. The state leaves the domain to the social partners.
- Companies which offer CVT programs that lead to publicly recognized certifications receive a combination of tax deduction: deductions from company income, subsidized loans and monthly allowance (Giaccone 2009: 19).

6. Financial Structure of the Collectively Negotiated Schemes

- There are different financial mechanism for CVT based on CLAs. The employers as well as the employees contribute, but there are different practices in different sectors.
 - Within the time sharing models the employees contribute to the training costs by providing time. Often the employer bears the costs of the course and the travel costs, but the employee contributes a share and can choose if he contributes amounts of money or time. The latter can for example be drawn from the working-time account. In some agreements, the employees have to contribute 50 per cent in their spare time (an example is the heating industry of *Baden-Württemberg*). Very often, the agreements do not specify from where the employees should contribute the time (working-time accounts, learning-time accounts or spare time). In these cases it is up to the company to decide (Busse/Seifert 2009: 27. 28).
 - In many agreements there are payback clauses which give employers the right to get their CVT payments paid back from employees who resign from the job, usually within six month after the CVT measure. In some cases this time period may be longer. Busse/Seifert (2009: 31) mention the security branch (*Wach- und Sicherheitsgewerbe Deutschland*) as an example with a one-year period after the CVT measure.

- In the textile industry, the costs of CVT are covered through a sectoral fund. It is financed through contributions of the companies. The employees in return disclaimed the extra vacation pay (Busse/Seifert 2009: 30).
- In the steel sheet packaging industry, 1.3 per cent of the annual wage sum is contributed to the fund which exclusively pays for CVT (Busse/Seifert 2009: 30).
- In the printing industry employers bear the costs of training (Giaccone 2009: 15).
- The fund of the chemical industry is financed by equal shares of both of the social partners (Bahn Müller et al. 2001: 37)

7. Benefits and Measures of the Collectively Negotiated Schemes

- In general, most agreements differentiate between CVT for job specific skills and for personal skills. Usually, the company pays for the job specific CVT (salary, course fees and materials, etc), but not for personal CVT (Busse/Seifert 2009: 26).
- The regulations on CVT which can be found in collective agreements vary greatly in terms, conditions, requirements, and the structures of negotiation. Furthermore, the benefits vary. It may be that the regulation only concerns certain aspects of CVT, for example the employees' right to reimburse CVT costs. Furthermore, there are differences in the topics covered through CVT regulations: some CLAs provide the right to enroll to the employee only in very specific classes which enhance his or her skills within the job. Others entitle the employee to courses not directly linked to the job description. The CLAs also vary in their definitions of CVT (Busse/Seifert 2009: 20).
- According to Bahn Müller et al. (2001), the following regulations can be found in the CLAs:
 - The employers bear the costs of training measures and identify the need for training (Bahn Müller et al. 2001: 34).
 - The works councils are consulted concerning the training needs (Bahn Müller et al. 2001: 34).
 - There is a compensation of time spent on further training by working time shortening (Bahn Müller et al. 2001: 34).
 - There is a codetermination of the works council (Bahn Müller et al. 2001: 34).
- In the textile industry the CLA grants five days of educational leave for the employees. This contingent can be raised by employees through their time-accounts (Busse/Seifert 2009: 30).
- The agreements on qualification (*Qualifizierungsstarifverträge*, for example of the *IG Metall*) provide the following benefits:
 - Each employee has the right to have one interview per year with his employer, in order to identify his or her training needs, and, accordingly, to decide on the appropriate

training measures which would then be paid by the employer (Bahnmüller/Fischbach 2004: 182).

- If the employer and the employee cannot decide on the training measures, the decision is transferred to a bipartite commission. If it fails to decide as well, the agency for the promotion of occupational training *Agentur Q* (which was founded by the social partners) will take a final decision (Bahnmüller/Fischbach 2004: 182).
- There is a broad definition of CVT in the agreement on qualification. Besides the measures for training, changes in skills requirements within the job description, and training for skills needed for similar or superior tasks, the agreement also includes CVT for the development of methods and social skills within the work field (Bahnmüller/Fischbach 2004: 182).
- Employees who want to undergo a further personal education have the right to leave their company for a maximum of three years and return to the company after the training is fulfilled (as a condition they must have worked in the company for at least five years beforehand). The costs for the training bear the employees (Bahnmüller/Fischbach 2004: 182).
- Occupational CVT is to be handled as working time and, therefore, paid for by the employer. The employees are not supposed to be bearing a share of the costs (Bahnmüller/Fischbach 2004: 182).
- With the CLA on working time and demography (*Lebensarbeitszeit und Demografie*) in the chemical sector a fund is set up. The companies within the sector can choose which purpose this fund serves. In case the company chooses to use the fund for the creation of compensation time accounts (*Langzeitkonten*), the employee can contribute towards this account, later the employee can take additional leaves which can be (amongst others) for CVT (Erhard 2010: 11).

8. Coverage Rates of the Collectively Negotiated Schemes

- Coverage rates of CLAs on CVT in Germany generally add up to around 15 per cent (Giaccone 2009: 18). It is not specified, whether this includes sectoral agreements only or also company based agreements.
- According to the *WSI-Tarifarchiv* (a research institute of German trade unions), about 45 per cent of employees covered through CLAs are covered by agreements which contain CVT regulations. However, this research included CLAs, which cover more than 1,000 employees in West Germany and more than 500 in East Germany, but includes to some extent company based agreements (Busse/Seifert 2009: 17)

9. The Politics around the Collectively Negotiated Schemes

Linkages to Public Reform Policies

We have not found any evidence.

Linkages to Wage Agreements and Wage Policy (e.g. Wage Restraint, Tripartite Agreements), and Other Agreements

We have not found any evidence.

10. Recent Developments and Other Interesting Information

- In the last couple of years there has been more focus on claiming CVT in general, independently from the circumstances of a company or branch. This development has, on the one hand, led to various CLAs of qualification and, on the other, to the creation of funds in the textile and the scaffolding branches. This development concerning CVT is characterized by non-consistent claims for educational measures. In comparison to previous phases when trade unions claimed the right on a minimum amount of paid education leave (for example five days) for all the employees, the new developments establish the right to individual educational measures that fit to the workers' specific training needs (which are determined together with the employer). This is the underlying concept of the agreements of qualification (Seifert 08.12.2009, interview).

11. Contacted Experts

We thank the following expert and colleague for providing information and answering very specific questions:

- Seifert, Hartmut, Dr., 08.12.2009, former Head of the Institute for Economic and Social Research at the *Hans Böckler Stiftung*, telephone interview.

12. List of Abbreviations

- BAVC: *Bundesarbeitgeberverband Chemie* (National German Employers' Association of the Chemical Industry)
- CLA: collective labor agreement

- CVT: continuing vocational training
- IG BCE: *Industriegewerkschaft Bergbau Chemie Energie* (Mining, Chemical and Energy Industrial Union)
- IG Chemie: *Industriegewerkschaft Chemie* (Chemical Industrial Union)
- IG Metall: *Industriegewerkschaft Metall* (Industrial Union of Metalworkers)
- WSI Tarifarchiv: *Tarifarchiv des Wirtschafts- und Sozialwissenschaftlichen Instituts in der Hans-Böckler-Stiftung* (Collective Agreement Archive of the Economic and Social Science Institute of the *Hans-Böckler-Stiftung*)

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