



# Time over Money: New Union Deal Seeks Work-Life Balance in Germany

Insights

2.08.18

Yesterday, IG Metall, Germany's largest metal union, entered into an agreement with employers in the state of Baden-Württemberg that allows for a 28-hour work week for its members. The two-year deal covers 900,000 employees in the metals and electrical industries in the southwestern state that is home to such prominent employers as Daimler AG and Robert Bosch GmbH.

## Option for 28-Hour Work Week

As part of the agreement, IG Metall members may opt to work a reduced 28-hour work week instead of the normal 35 hours. This reduction is neither mandatory nor permanent. Employees must opt-in to the reduced week and the right to the 28-hour week will expire at the end of the two-year agreement. At that time, all IG Metall members will return to the full 35-hour work week.

## Right to Return to Full Time Employment

IG Metall members who opt for the 28-hour week have the right to return to full-time work. Until this agreement, employees who opted for reduced work schedules had no guaranteed right to return to full-time employment.

## Wage Increase

IG Metall members will also receive a wage increase as part of the agreement. Starting in April 2018, union members will receive a 4.3 % salary increase, as well as some additional lump sum payments spread out over the next 27 months.

## No Full-Time Salary; Increased Wages

Noticeably absent from the final agreement is IG Metall's request for full-time pay for 28-hour a week employees. This request ultimately proved too much for employers, many of which have concerns with the final iteration of the deal.

## Takeaways for European Employers

- IG Metall's agreements typically set the standard for other industries in Germany. German employers should expect to see similar demands from other unions across the country.
- European employers outside of Germany could see similar demands from union workers. However, the strength of such a demand would depend on the economic health of the country. Germany is currently experiencing a period of high growth and low unemployment. These

conditions shift the bargaining power in favor of the employee. Employers in European countries with higher unemployment and/or lower growth are less likely to feel the pressure to give into similar demands.

- This agreement shows, albeit anecdotally, German employees' preference for work-life balance over increased wages. German employers should consider this preference when negotiating its next employment contract.