

Win-win: German union engages bosses

Many workers view engagement with management with suspicion. **Konnie Siegel**, a German IG Metall official, believes however that it can greatly benefit workers if correctly approached. He talks to **Kally Forrest** about how it can be done.

Konrad Siegel, or Konnie as he is known, stumbled on a new approach to organising production many years ago. He now supports this way of working in the German metal union, IG Metall.

Before becoming a union official he worked for 22 years in a large plant producing agricultural equipment. At one point the company experienced a downturn owing to a worldwide decrease in the demand for farming equipment. Management asked shop stewards to discuss the problem and for Konnie this was 'a big opportunity'. He and others engaged with managers and were able to save the company, and some jobs.

Later when he became a union official he was keen to reproduce this approach and in the 1970s IG Metall began to promote a participatory method. Konnie worked in a department under the slogan of 'working through innovation'. The union ran a campaign in industry to engage in 'team work' believing that better participation led to better productivity. Team work was introduced in all auto plants including Volkswagen and Daimler-Chrysler. Konnie educated in plants on a realignment to this form of work.

Initially managements were

sceptical of team work but later became more interested. But the shopfloor hung back. Workers could see no benefit in sharing their knowledge of production with management and besides their attitude was, 'At this point we are well paid so it is dangerous to meddle'.

Managements began to plan common standards for the auto industry. The idea was to set down guidelines on how workplaces should be organised which workers at different levels could follow. Times for change-overs, criteria for communication, regular meetings with standard agendas, standardised management responses to queries, and benchmarks for the placement of tools were developed.

Workplace education and training was kept to a minimum and was based on what needed to be done in a certain job. The level of detail in instructions became the criteria for education and pay. Managements argued that with detailed instructions little training was needed.

Workers responded in a hostile way to this method. They believed that 'we have given all the information about our jobs, now management will lower our wages.' The union argued that workers must be paid for the information they shared with the company and

that there must also be standards for management.

Konnie's department remained isolated in the union. The engagement approach was contested and many argued that employers would use team work to weaken the union. Remarks Konnie, "Indeed this danger exists." In consequence the union closed the department in 1995.

A while later, however IG Metall's vice president who was an advocate of this consensual approach, re-introduced departments with strong structures to support the engagement method.

WHAT DEFINES ENGAGEMENT?

The main approach in engaging with management, according to Konnie, is that the union asks critical questions of the company. He gave an example of a company he has recently worked with.

The management told him that workers were not working fast enough. Konnie asked what problems the company was experiencing and found out that its clients needed goods within a month while the company was only producing them within a month and half. Therefore production needed to be faster.

Konnie suggested management monitor the process more closely

and made queries about the preparation time leading up to actual production. The 'lead time' is often longer than the process of manufacturing and is a critical and complex part of production involving constant change.

Next he asked questions about how management dealt with bottlenecks in production. He found that it used a step-by-step approach to solving problems. From experience Konrad knew that it was necessary to look at the whole process because if the foreman solved one problem, this would trigger a delay elsewhere. Management would ensure that one part of the process operated faster only to find that the next machine was not ready to continue the process. It was essential to analyse the entire organisational process.

Konnie identified the log jams as a communication problem. To solve blockages companies often introduce more computers but in reality it is 'people' communication that is lacking. Clerks would set computers without any knowledge of shopfloor problems.

Each day the foreman instructed workers on what to do and on which parts to make ready. Yet it was the computer who was planning the day's work and needs. Each night it planned and recomputed according to what progress should have been made on the previous day. But this was not based on the shopfloor reality. As a result every morning was chaos for the foreman.

The computer instructed but did not solve problems that had arisen from the previous day. It was irrational to go faster and faster and yet carry forward the same old problems.

In order to assist, Konnie brought in MTM experts. MTM is a system of performance time and motion

measurement which produces a catalogue recording how long an activity takes. It is used by auto producers world over.

Management and the union then agreed to hold a two-day workshop. It involved management, Konnie, staff and members of the works council, in this case all members of IG Metall. The workshop was 'useful' and resulted in discussion on first steps. This included how to introduce the time and motion system qualifications to shop stewards and planning staff and the need for shopfloor involvement.

In tandem, the company ran a project to re-design the pay system. The new structure of pay was designed to motivate and involve workers rather than to make them work faster and faster. Pay was linked into the production system. The union's interest was to get more money without people working harder, while management's interest was to get the product out more quickly.

Essential to this process was that the company had to work without hidden agendas. If the company was transparent, it made it easier for workers to be honest. If management worked with hidden agendas, workers would also hide by 'forgetting' to give information.

Commented Konnie, "You have to get both sides working with the same interest. You need to write in the contract things such as a 10% better product results will translate into X amount of money. The company gets X and the worker Y. It must be clear to the shopfloor that this is not a 50/50 distribution as the company must invest in research. For workers to accept this they must feel they have control."

LEARNING TO ENGAGE

Initially when faced with a new form of engagement with workers,

managements are confused and ask, "Have other companies done this?" The union refers them to other companies and encourages them to go and ask about their results.

It is also confusing for union members who are not used to engaging with management. It is important, Konnie believes, that they participate in workshops with management and the union from the beginning. Some workers are enthusiastic, some suspicious and others plead a lack of time to attend workshops. "It is difficult for union members to understand and change their role as in the past it was rare for management to discuss production issues. In some cases it is still rare particularly where the union is weak and management authoritarian," observes Konnie.

Many companies however, have been successful in dealing with problems in a more transparent way. IG Metall believes that if a company cannot solve its own problems, the union is not there to assist it. But it will engage where it



IG Metall's vice president, Detlef Wetzel.

IG Metall



IG Metall

German union IG Metall's Education-Center Lohr-Bad Orb.

is in the workers' interest providing there is transparency in areas such as health and safety, reducing job loss or preventing outsourcing.

IG Metall has launched a campaign with slogans such as 'Better not cheaper' and 'Work through innovation'. Its approach is that jobs must be saved not by making them cheaper but by making the company more productive. It does not believe in competing with low wage countries like Asia and Africa. The idea is that in the long-term through better production methods the company will increase its output and jobs will be retained.

A growing number of companies in Germany are showing an interest in engaging with the union. Some still use the cheaper/faster

approach but their long term results, according to Konnie, are not good. They may outsource to SE Asia so each part is cheaper but they cannot assess their real costs as they are not on site to gain knowledge of the production process and they cannot intervene when problems arise.

In Konnie's scenario wages increase, but productivity costs decrease, because the process is faster, more reliable, better quality, transport time is less, motivation is better, and work satisfaction greater as workers give management ideas on how to solve problems. Worker motivation rises because of increased wages and job security, better education, and because management takes them seriously which gives them more control.

Formerly workers had no interest in assisting management as there was no common interest. They took a rest when there was a breakdown. Now everyone is involved at all levels including clerical, foremen and planning people.

In the past if parts weren't ready the worker didn't worry. Now they are paid on the quality of the process and product so they remind the foreman that parts need to be ordered. Reliance on computers to do the planning is over.

Measurement and reporting, evaluation and monitoring workshops are on-going. For management an important index of better production is when the product is delivered to the client. If

the company is not producing better results, it won't be able to pay workers more. But results have to be *transparent*. Previously workers in a state of ignorance would go on strike because they did not have accurate information. Now they get reports from management, combined with open agendas and open books. "If you conceal and lie worker motivation dies," notes Konnie.

Konnie's experience is that if you first engage companies on the production process and the results, it becomes possible thereafter to engage them on workers' interests. Management thinking about wages is changing and it is now interested in people getting more. It is a win/win situation.

There is creativity in working together. The engineers speak to everyone in the company including the shopfloor. Their theories are now married to practice and transmitted in everyday language.

Explains Konnie, Toyota and other Japanese companies had a faster production turn around time than in Germany because of their cultural background. They brought people into communication and no one referred to experts. But in Japan, shareholders' profits determine pay increases. IG Metall believes that pay increases should not depend on market results. "If workers create ideas for a cheaper way of producing, management must be prepared to pay for it," argues Konnie.

"Of course," he warns, "capitalists may want to narrow workers' proportion of gain. It is always a class struggle. Unions must always be aware of this class interest."

Konnie is convinced that this participatory method to solving workplace blockages can be used in any industry, including in the service sector such as hospitals. LE

Importance of education in engagement

Education of union officials is important in the process of engaging employers. In IG Metall, officials must have worked for at least ten years in a plant, have been elected as a works councillor, and must have been involved in union education at a local level. The union then invites the worker to attend special training to become an official at regional or national level. By this time the worker is 30–35 years old.

This form of training worked well when the union's membership was growing but with membership shrinking it was employing too much over-aged staff. There was a need to employ young people and train them. Young people coming into the union are well educated but do not have much work experience. According to Konnie a mixture is needed, "Young people can learn from those who worked on the factory floor, those who can smell the culture, the problems and solutions. Such people can ask the right questions, not as a consultant does who comes in and tells workers what to do."

Staff are trained in union schools such as the one that Konnie works with in the south of Germany. Here they develop organisational techniques. They learn about new approaches to negotiating contracts and the school invites specialists to hold seminars. They also learn techniques to communicate with management and workers. Education, believes Konnie, is about, "Let's ask questions. I invite you to participate and develop your strengths."

The school holds seminars to find out what qualifications and what skills negotiators need. Seminars are also held to understand what support the director of a works council might need and the different steps that need to be taken in engaging management.

Teachers at the union school have to work with real case studies. The teacher becomes a consultant to help people to communicate with management and formulate demands because as Konnie says, "It can't all be realised in a seminar."

The teacher goes to assist the works council. Meanwhile the school replaces such teachers by developing a network of extension teachers. These are people who become freelancers after working in the school. Extension teachers are useful because they bring new experience into the school. "It is open-minded union education. Not a union education programme which works by steps one, two, three, four," explains Konnie.

The director of the school is a union official who discusses issues with teachers such as how modern companies work so that they understand what it means for workers. Special knowledge is needed in such education so on a works council a degree of specialisation takes place. Comments Konnie, "It is however always important to be aware of what this means for democratic structures."