

Press release

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Survey highlights employee recession experiences and expectations for 2010

German firms have responded to the economic crisis by cutting jobs, introducing short-time working, and reducing pay and benefits. However, individual employees have had very different experiences of the recession, depending on their employment status and the branch they work in. The survey also suggests that many employees expect further reorganisation, restructuring and mergers. These are the findings of a unique recent employee online survey of some 10,000 employees conducted by the Hans Böckler Foundation in Düsseldorf, Germany.¹

The past year has seen a wave of redundancies, short-time working, and cuts in pay and bonuses for many employees in Germany. The study highlights the experience of employees in the crisis, also illustrating some of the special features of the German economy and employment system.

Employees in the engineering (metalworking and electrical) industry have been most exposed to cuts in jobs and short-time work. Firms seem to have tried to spare their core permanent employees from redundancy – but at the expense of temporary workers and agency staff who have borne the brunt of job losses in many cases.

All these developments have also led to a worsening of many employees' experiences at work, with many employees reporting more pressures to perform, a deteriorating atmosphere, and poorer promotion prospects. Nearly three-quarters of workers in especially hard-hit firms reported a deterioration in their working environment.

The crisis has also left many employees unsettled and uncertain about the future: most employees expect to be affected by continuing restructuring over the coming months, with 60% of staff in hard-hit firms anticipating further jobs cuts, and one in seven worried that the firm will go bankrupt.

How companies responded to the crisis

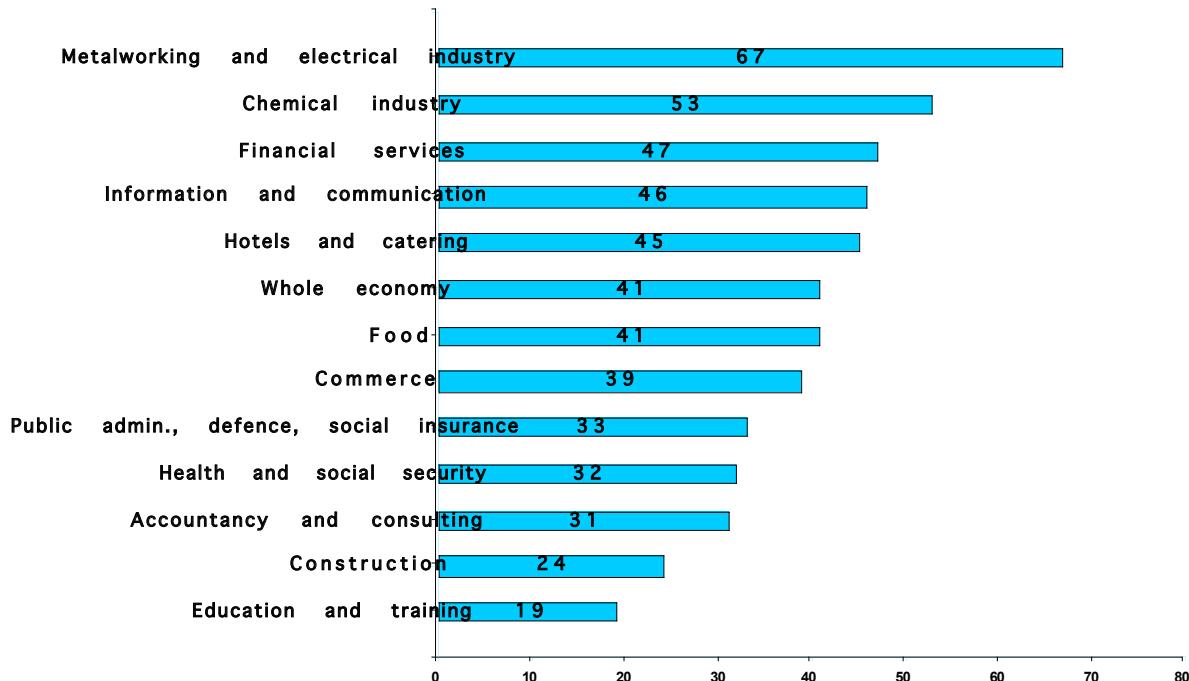
Many – but not all – workplaces suffered a deterioration in their business situation over the course of 2009. 38% of respondents stated that the position of their employer had worsened during 2009: in the engineering industry, the flagship for German exports, almost two-thirds of respondents (65%) said the position at their company had worsened. The chemical industry, another major exporter, was also hard hit, with 43% saying business had worsened during 2009.

¹ The Institute of Economic and Social Research in the trade union related Hans Böckler Foundation (WSI) is a policy research institute which undertakes academic analysis of issues of practical relevance to industrial relations. Its work covers a wide range of issues, from economic, labour market and structural policy to social policy, collective bargaining policy and co-determination.

These developments had a major impact on employment, with 67% of employees from the engineering industry reporting cuts in employee numbers at their organisations, followed by 53% in the chemical industry, 47% in financial services, and 46% in hotels and catering (see Chart 1)

Chart 1: Share of organisations in which employment fell during 2009

- Employee responses in % -



Source: www.lohnspiegel.de. Survey conducted August – December 2009

'Crisis-hit' organisations

Looking just at 'crisis-hit' organisations – that is those in which employees reported a worsening of their economic situation during 2009 – the recession took an especially heavy toll on both employment and pay, as Table 1 shows.

Table 1: Staffing measures in the crisis

- Employee responses in % -

Measures	'Crisis-hit organisations'*				All organisations
	Metal-working	Chemicals	Financial services	Total	Total
Vacant posts not filled	62	59	75	57	40
Expiry of fixed-term contracts	63	64	56	48	32
Termination of agency employees	71	56	32	36	22
Short-time working	73	54	6	35	19
Redundancy of core staff	34	33	18	30	18
Phased early retirement	37	44	41	24	17
Non-hiring of trainees on completion of training	23	43	34	23	16
Voluntary redundancy	26	30	48	19	13
No staffing measures taken	5	7	10	13	28

* Workplaces in which the economic situation had deteriorated since the beginning of 2009.

Source: www.lohnspiegel.de. Survey conducted: August – December 2009

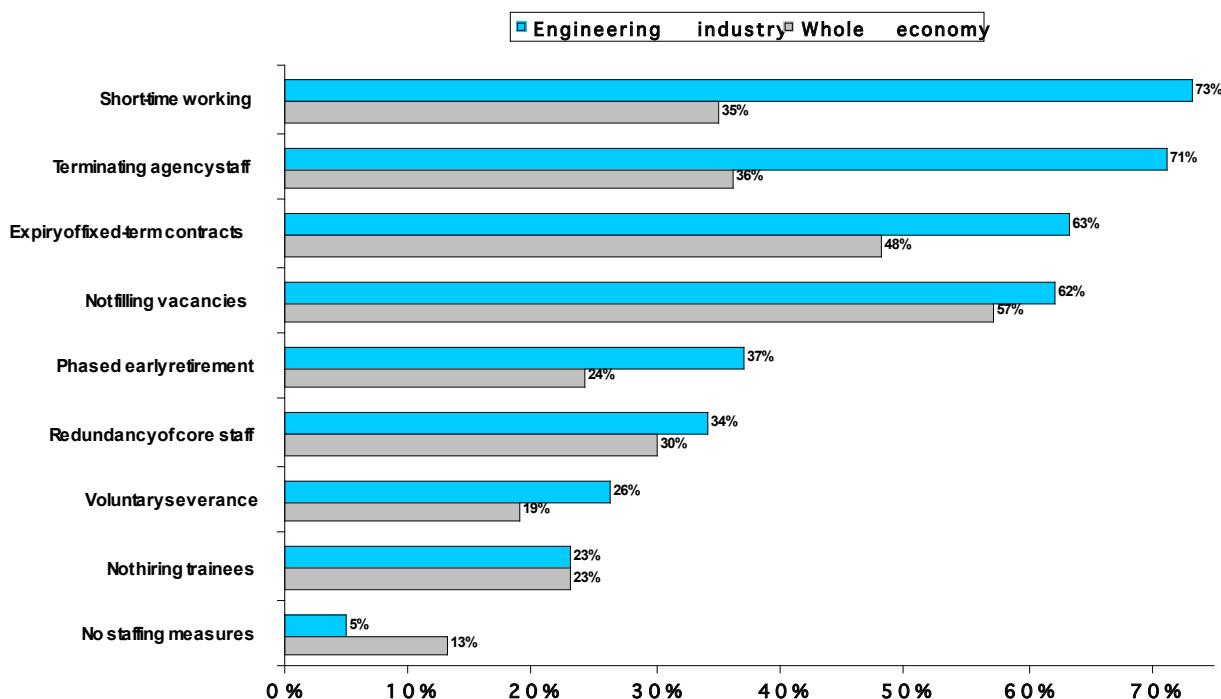
The most common strategy for reducing employee numbers was to leave vacancies unfilled (57% of responses), followed by allowing fixed-term contracts to expire (48%). Many companies, including in manufacturing, focused their recent hiring on fixed-term contracts, and these expanded from 12% to nearly 15% of all jobs between 2002 and 2008. Finally, 36% of employees in 'crisis' companies reported that agency staff were terminated as the third most common option.

Short-time working, making use of a statutory scheme that offers a state benefit to cover hours lost, was used by 35% of organisations. Finally, just under a third (30%) made some core employees redundant.

Short-time working was especially prevalent in the **engineering industry** for 'crisis-hit' firms: nearly three-quarters made some use of this option (see Chart 2). Such firms also made greater use of instrument such as terminating agency staff (71%) and allowing fixed-term contracts to expire (63%). Around a third of respondents reported that core staff had been made redundant in these firms.

Chart 2: Staffing measures in 'crisis-hit' firms, whole economy and engineering industry*

- Employee responses in % -



* Defined as workplaces in which the economic situation deteriorated in 2009.

Source: www.lohnspiegel.de. Survey conducted August – December 2009

Impact on pay

The recession has also had a negative impact on the various elements of employees' pay. For employees in crisis-hit organisations, one-in-five has suffered a cut in their regular monthly pay (see Chart 3) – often as a result of short-time working. Bonuses and profit-share payouts also fell for nearly a quarter of respondents. The vast majority of German employees also receive a '13th' month payment, part of which is paid in the summer, and part at Christmas. The summer ('holiday') payment was reduced for 12%

of employees and the Christmas bonus for 17%. Allowances and premium pay were also reduced for 16% of employees.

Table 2: Impact of the crisis on incomes

- Employee responses in % -

Impact	'Crisis-hit organisations'				All organisations
	Metalworking	Chemicals	Financial services	All	
Profit-sharing and bonus payments reduced	29	44	52	23	14
Monthly income reduced	32	19	6	20	11
Christmas bonus reduced	23	22	5	17	11
Supplements, premium pay and allowances cut	24	14	7	16	9
Holiday bonus reduced	17	22	5	12	8

* Workplaces in which the economic situation had deteriorated since the beginning of 2009.

Source: www.lohnspiegel.de. Survey conducted: August – December 2009

Worsening working environment

Employees experiences at work have also suffered. Three-quarters (76%) of respondents in crisis-hit organisations reported that pressures to perform had increased; 75% stated that the workplace atmosphere had deteriorated; and 66% felt that opportunities for promotion were more limited. Employee experiences in financial services were particularly adverse. The average values for all workplaces were somewhat below these, but still at a high level. For breakdown by sector, see Table 3.

Table 3: Working conditions in the crisis*

- Employee responses in % -

Impact	'Crisis-hit organisations'*				All organisations
	Metalworking	Chemicals	Financial services	All	
More pressure to perform	72	70	78	76	65
Workplace atmosphere worse	72	79	74	75	57
Poorer promotion prospects	59	60	68	66	48

* Workplaces in which the economic situation had deteriorated since the beginning of 2009.

Source: www.lohnspiegel.de. Survey conducted: August – December 2009

Looking to the future

Overall, employees were not expecting the economic situation of their workplaces to improve. However, the survey reveals that expectations of further cuts in jobs and new hirings were broadly in balance. Over the coming 12 months (from the time the questionnaire was completed), just over one-third of employees (37%) expected further falls in employee numbers in their organisations, but some 40% expected new hirings to take place. Six out of ten employees expected their organisations to be engaged in restructuring and reorganisation. In contrast, just 8% expected their organisation to suffer bankruptcy or closure, but this rose to a 15% for employees in 'crisis-hit' companies (see Chart 4).

Table 4: What are your expectations for the next 12 months at work?

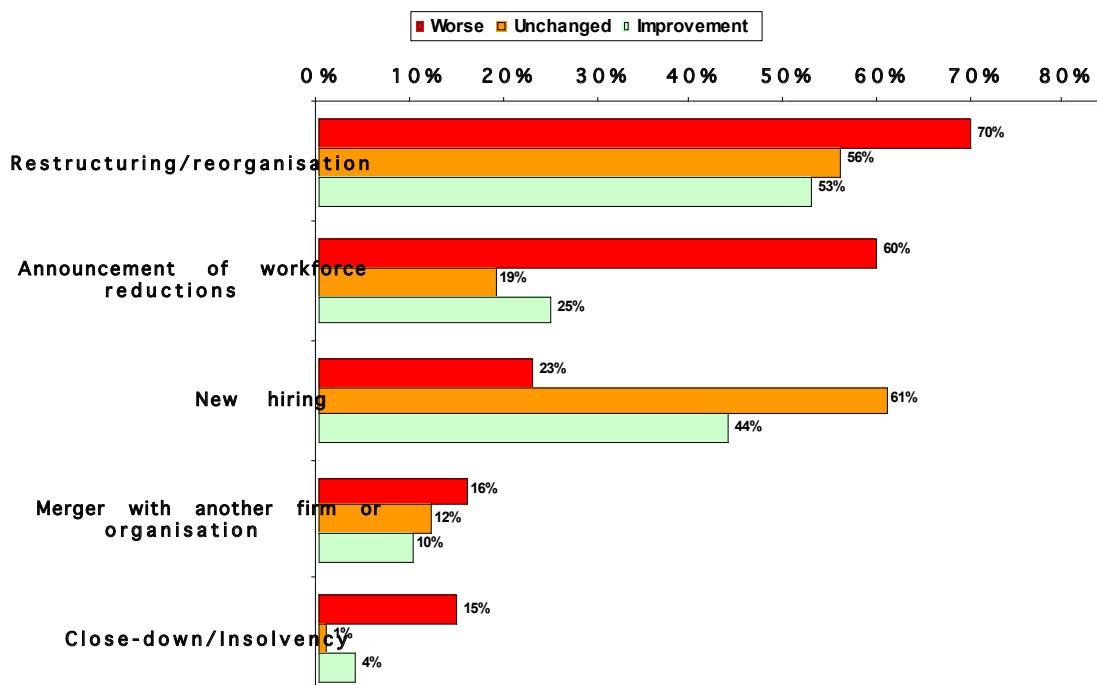
- Employees in % -

Announcement of workforce reductions	37
Restructuring/Reorganisation	60
I am worried that my organisation will become bankrupt	8
I expect the organisation to hire more staff	40

Source: www.lohnspiegel.de. Survey conducted: August – December 2009

Chart 4: What are your expectations for the next 12 months at work?

- Employees responses in %, by economic situation of organisation -



Source: www.lohnspiegel.de. Survey conducted: August – December 2009

The survey

The WSI institute has been conducting regular online surveys of pay and working conditions for Germany since 2004, as part of the pan-European 'Wage Indicator' project. Data is collected via an online questionnaire, accessed at www.lohnspiegel.de.

Between August and December 2009, visitors to the site were invited to respond to questions about the impact of the current crisis on their pay, working conditions, and staffing developments, and their expectations for the coming 12 months.

The analysis here is based on some 10,000 responses collected between August and December 2009, covering both the public and private sectors in Germany. The nature of access to the site means that the employee sample is not statistically representative. However, previous experience suggests that data collected through the site is good indicator of the wider working population.

For further details and comment, please contact:

Dr. Reinhard Bispinck
Tel.: 0211-7778-232
E-Mail: Reinhard-Bispinck@boeckler.de

Dr. Heiner Dribbusch
Tel.: 0211/7778-217
E-Mail: Heiner-Dribbusch@boeckler.de

Fikret Oez
Tel.: 0211/7778-230
E-Mail: Fikret-Oez@boeckler.de

Rainer Jung
Leiter Pressestelle
Tel.: 0211-7778-150
E-Mail: Rainer-Jung@boeckler.de