

Flexibility and secured employment Creative approaches at Airbus in Nordenham, Germany

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Executive summary

Airbus factories in Germany have restructured repeatedly since the mid-1990s which resulted in job cuts. The case study describes the development of a new instrument to secure employment and increase flexibility in production. To master future crises without mass dismissals and later recruitment drives in the plants, a new model was developed. The currently valid working time model contains a normal overtime account (*Arbeitszeitkonto*), a security account (*Sicherheitskonto*), and a third working-life account (*Lebensarbeitszeitkonto*). The overtime account is similar to a flexi-time account which is used to deposit overtime hours. The security account allows the company to take hours out of the employee accounts when there are not enough orders to employ the entire workforce, helping to secure employment numbers in the plant. The third, the working-life account, enables employees to invest into an intelligent investment funds that will yield interest over time and enables employees to leave working-life earlier for retirement.

The introduction of these accounts in situations of low or high production now provides the company with flexible instruments to avoid dismissals and simultaneously achieve production goals. The coinciding events of the restructurings, the development of innovative instruments, and their application since the introduction will be outlined for the chosen Nordenham works and will be considered in relation to their benefit to Airbus and the transferability of the model to other companies.

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1 Abstract¹

Airbus factories in Germany have restructured repeatedly since the mid-1990s that resulted in large-scale dismissals. Most recent events, such as 9/11 in 2001 and the SARS crisis in 2002 – have not only challenged the airline industry but they also had significant industry-wide repercussions. The following case study describes the development of a new instrument to secure employment and increase flexibility in production. To master future crises without mass dismissals and later recruitment drives in the plants, a new model was developed which consisted of two working accounts. This was tested in a four-year pilot study in Nordenham. Following the initial pilot phase, this first working time model was eventually modified to include three working accounts and has since then been introduced in all German works following a few modifications in 2002.

The currently valid working time model contains a normal overtime account (Arbeitszeitkonto), a security account (Sicherheitskonto), and a third working-life account (Lebensarbeitszeitkonto). The overtime account is similar to a flexi-time account, which is used to deposit overtime hours. Employees can use this account to exchange overtime hours for more leisure time as long as this has been approved by the supervisor and is possible given the amount of orders to be met in the plant. The security account was set up so as to increase job security and allows the company to take hours out of the employee accounts when there are not enough orders to employ the entire workforce (normally, such a situation would result in dismissals). The security account can therefore help to secure employment numbers in the plant. The third, the working-life account, enables employees to invest into an intelligent investment funds that will yield interest over time and enables employees to leave working-life earlier for retirement.

The introduction of these accounts in situations of low or high production now provides the company with flexible instruments to avoid dismissals and simultaneously achieve production goals. The coinciding events of the restructurings, the development of innovative instruments, and their application since the introduction will be outlined for the chosen Nordenham works and will be considered in relation to their benefit to Airbus and the transferability of the model to other companies.

The present study was compiled as part of the project „Monitoring Innovative Restructuring in Europe – MIRE“. This project is coordinated in Germany in cooperation between the IPG (Institute for Psychology of Work, Unemployment and Health at the University Bremen) and the IAT (Institut Arbeit und Technik, Gelsenkirchen). It is the aim of the MIRE Project to identify innovative examples of restructuring in Europe and further to organise an international exchange and knowledge transfer. The project is funded by the European Social Fund. It commenced in January 2005 and comes to an end in November 2006.

To achieve the above mentioned goals,

- each of the participating countries (Belgium, France, Germany, Sweden, United Kingdom) have set up national expert networks which will meet and connect more closely during the lifespan of the project, and
- each country will conduct several studies that will document present national „good practice“ examples of innovative restructuring.

¹ The following case study is based largely on an interview conducted with the deputy chairman of the Works Council in Nordenham on the 28.04.2006 – as well as a detailed 2002 case study produced by Thomas Haipeter from the Institut Arbeit und Technik, Gelsenkirchen (published in 2005), both of which we would like to thank for their kind participation and provision of materials.

2 Short portrait

Personnel management at Airbus in Germany has been characterised in the last few decade by a high number of dismissals and subsequent recruitment drives till the end of the last century and even beyond. The effects of these events on the workforce and the considerable implications (dismissals and recruitment) led to the new development of flexible instruments such as the working time model. Originally, the model included an overtime account (Arbeitszeitkonto) and a second Long-time working account (Langzeitarbeitskonto). This first pilot model was introduced and tested on a voluntary basis in the Nordenham plant. It was hoped that the pilot phase would allow for more flexibility in the plant, simultaneously help to secure employment, and to slowly eliminate paid overtime.

The pilot model was modified after four years and was readjusted to include three account options. This new model was introduced in all plants in 2002 and includes an overtime account for regular as well as casual labourers to manage small fluctuations in productions, an obligatory security account for the regular employees only to secure jobs in times of crises and few orders, and a third working-life account with an intelligent investment system which will combines the opportunity for employees to leave the company before they reach retirement age while still receiving a salary – an offer of particular interest not just of interest for older workers.

3 Organisational description: Airbus and the Nordenham works

Airbus is one of five divisions that are owned by the international EADS² group and has specialised in manufacturing passenger planes. The head quarter is located in Toulouse, France. Airbus operates worldwide and maintains 16 offices in Europe alone. The investigated works in Nordenham can look back at a long manufacturing tradition. It is centre for hull and large metal sheet production within Airbus where more than 140 different hull forms are assembled including the hull for the new airplane type A380. Once the hull sheets have been produced, the pieces are transferred to Hamburg for the final assembly.

One important characteristic of the work organization at Nordenham is the emphasis on group work with partial autonomy to organize their work. This introduction is the result of a 1996 works agreement and means that the teams can organise – given the foreworker's approval - their own staff rotation, quality standards, deadlines as well as their time and performance goals. The set targets for the team include specific guidelines regarding the expected performance levels based on premium pay agreement (performance levels have to been jointly approved with the works council).

² „EADS is a result of a merger in 2000 between Daimler Chrysler Aerospace (Dasa), Matra und Casa“ (Zdral, 2005, S. 56).

All German works have a works council. The relationship between the works council representatives and the union IG Metall is very strong due to a long tradition in the industry (70% of the employees in Nordenham were IG Metall union members in 2002 according to Haipeter, 2005, p. 268). The relationship between the works council and the works management is also considered very positive since both parties have always worked closely together and endeavoured to solve conflicts and problems in a cooperative way that also included making compromises on both sides. This relationship provided the basis for the development of the working time model.

At present, Airbus employs 57.000 people worldwide³. The Manufacturing Division – which also includes the Nordenham plant - employs around 8.500 people in total in the organisational unit ‚Rumpf Deutschland‘ (CoE FAF⁴). About 2.300 regular employees are currently working in Nordenham (including trainees) plus another 400 casual labourers. Industrial employees make up 80% of the workforce, whereas only 20% are white-colour workers. 90% of the casual as well as regular employees have a professional qualification (Facharbeiterausbildung). The average age amongst the workforce is currently about 40 years. This is partly explained by the fact that many older employees over 55 years of age left the plant in the very troubled mid-1990s when the programme “Dolores” offered them generous early retirement packages. The average age has increased again since then, however, this is compensated by the fact that all trainees are retained in the company when their training comes to an end. The average age is somewhat lower amongst the casual workers, however, casual workers also include a number of older workers who eventually joined Airbus in 2003 and 2004 when they were taken on from transfer agencies when neighbouring factors closed and the Bremerhaven shift yard dismissed significant numbers of staff.

4 Approaches to increase working time flexibility

The airline industry has suffered from various political influences that impacted on its production, orders, and the development of the sector since the mid 1990s (see Box 1). The crisis in the year 1995-1996 led to massive job cuts at Airbus, a process moderated by the „Dolores“ programme and its generous early retirements scheme and the offshoring of several production sites. However, the market situation improved after 1996. The past restructuring experience led to the first company agreement („beschäftigungspolitische Übereinkunft“) in 1997-1998 between the management and the employee representatives. This agreement led to the development of a pilot project, the working time model in Nordenham, with the aim to investigate working time arrangements that would enable the company to secure jobs in the long time by making provisions in times of good production for bad times later on.

Airbus makes use of and has developed a number of flexi-instruments (amongst to overtime accounts, see following sections) that the respective factories will employ depending on low or high production. The flexi-instruments in times of insufficient staff capacities in times of high production include particularly the increase in permanent staff numbers, overtime, 40-hr-contracts, flexible working

³ Source: www.airbus.com

⁴ Center of Excellence Forward and Aft Fuselage

hours, working life and security account, temporary contracts, use of temporary workers, recalling employees on loan to other companies, taking over trainees, and employee transfers within the works.

Box 1: Overview of main events

- Beginning until the middle of the 1990s – mass dismissals as part of a programme called “Dolores” (800 jobs are cut in Nordenham between 1992-1996).
- Since 1997: orders and production increase.
- Since 1998: first negotiations and first company agreement - betriebsspolitische Übereinkunft – (including the subsequent introduction of the first pilot working time model with two account options in Nordenham, 1999-2002).
- 2000 - EADS is founded: internal restructuring (centralisation of business processes, research and developments, led to an increasing deregulation within Airbus plants).
- Events of 9/11 in the USA, SARS crisis in 2002, Iraq war 2003.
- Modification of the company agreement in 2002: new company agreement to continue with the working-time model for another ten years (till 2012).
- 2004: employee numbers at the Nordenham plant increase to 2.300 people and reach the same personnel numbers as in 1992.

At the same time, in case of low production demands, the factories can use the following instruments: employee transfer, recruitment stop, loaning employees to other companies, security account, deduction of hours from 40-hr-contracts, release temporary workers, short work (Kurzarbeit) based on the social labour code SGB III, expiration of temporary contracts, recalling contracts issued to external companies (Rückholung von Fremdvergabe) and reduction of working time. By using all these instruments, Airbus aims to keep the number of main personnel stable as high as possible – irrespective of production changes.

5 The development of the working time model – the pilot in Nordenham

The decision to develop a new instrument to regulate working time was based on the extreme order and production changes that the company experienced at the end of the 1990s. In order to safe jobs but also achieve the required flexibilisation for the company according to production, a new model was developed – overtime accounts.

According to the deputy chair of the works council, the working time model was the result of common interests shared by the works’ management and the employee representatives to find better ways to regulate working time so as to keep the highly qualified staff within the works. Another reason was the option to quickly and flexibly respond to problems in the works and production. „[The staff still remember] the crises, when personnel was repeatedly dismissed and later again recruited. Both sides were of the opinion that there must be a more intelligent solution, that was at least our endeavour [as a works council] after the personnel cuts between 1993-1995. [And now] we have managed it, to build up significantly more personnel with these instruments ... and to ensure sufficient

flexibility with the purpose of saving jobs in times of crises. And this was the main driver for this model, [to increase] the flexibility“ (deputy chair, works council Nordenham).

The works in Nordenham was chosen as the pilot location in 1998 in order to test the model in a manufacturing environment and to check its applicability for the entire company (other works had decline to participate). The model included two accounts and should enable employees to place their additional hours (flexi-time or overtime) into one of the two accounts, which could then be used up in times of lower production requirements – rather than employees having to fear a financial loss or even redundancy, which would have been the most likely result in this situations. This introduction also meant the end of paid overtime. The introduction of the accounts was made possible in 1999 by a special company-based collective wage agreement for a period of four years between the union and the works council on the one hand, and an agreement between the union and the company management on the.

Working time accounts serve as instruments to increase flexibility of working time regulation. The original two accounts were called the overtime account and the long-term account. The first account, the overtime account⁵, integrated flexi-time, overtime and covered the difference between agreed and actual working times in production areas with shift work. The long-term account, however, served the purpose of balancing out the ups and downs of production. Whether or not an employee opened a long-time account was up to the individual employee. The use of the hours had to be agreed by the respective supervisor and further depended on the production capacity required or available in the works.

Both accounts included generous time frames and regulations regarding the use and transfer of hours from the overtime account to the long-term account. The accounts gave employees more participative rights over their working and leisure time while simultaneously enabling the works council to influence working-time regulation (i.e. by setting up the time limits, the transfer of hours, planning of absences). The individual employees were thus given more rights regarding the use of their hours. They were thus able to transfer as many hours as they wanted into their accounts.

The manufacturing industry was first confronted with another unexpected challenge following the events of the 11th September 2001. The repercussions for the tourism and transport industry became obvious by the beginning of 2002. As a result, Airbus works such as Nordenham ceased recruiting new staff and introduced shorter working hours. It was at this point in time that the benefits of the working time model were most notably demonstrated in Nordenham. By using the hours available in the long-term account, the company had the alternative to eschew cutting working hours and therefore income. As a result, none of the Nordenham Works staff had to be dismissed.

The first application of these instruments revealed the necessity to revise the model once again. The social actors supported this decision. This decision was also based on the analysis and review of the model by Thomas Haipeter from the Institute Arbeit und Technik. Haipeter investigated the practical

⁵ The German term for this account is „Arbeitszeitkonto“. However, the purpose is that of a normal overtime or flexi-time account which is why is has been translated as „overtime account“ rather than literally as a ‚work-time account‘.

aspects and the use of these two accounts. He came to the conclusion that few employees used the long-time account, primarily because few understood how to make use of the overtime hours or the initial purpose of the working-time model (Haipeter, 2005, p. 283). As a result, employees still preferred paid overtime and were thus reserved about using the accounts. The simultaneous introduction of group autonomy and group work was also of importance in relation to employees' use of the model, since a very strict hierarchical working environment that was controlled by team supervisors had previously dominated the work.

The experience of the social actors in Nordenham and Haipeter's analyses were considered in the modification of the model, as were the developments in the airline industry due to various political events. At this point (2002/2003), the Nordenham works can look back at four years experience and its experience should thus later play an important role within Airbus Germany.

6 The modified working time model - one aspect of „SiduFlex“

The result of these considerations in 2002/ the beginning of 2003 was a new concept called “Sicherheit durch Flexibilität” / „Security through Flexibility“– “SiduFlex” in Germany. The concept included three revisions:

- The increase of permanent employee numbers in cooperation with the works council,
- The use of the new modified time model that included three accounts (of which two were mandatory for all regular employees as a substitute for paid overtime; detailed description to follow), and lastly,
- The use of casual workers (using an additional collective agreement and introducing „equal pay“ provisions instead of wage reductions).

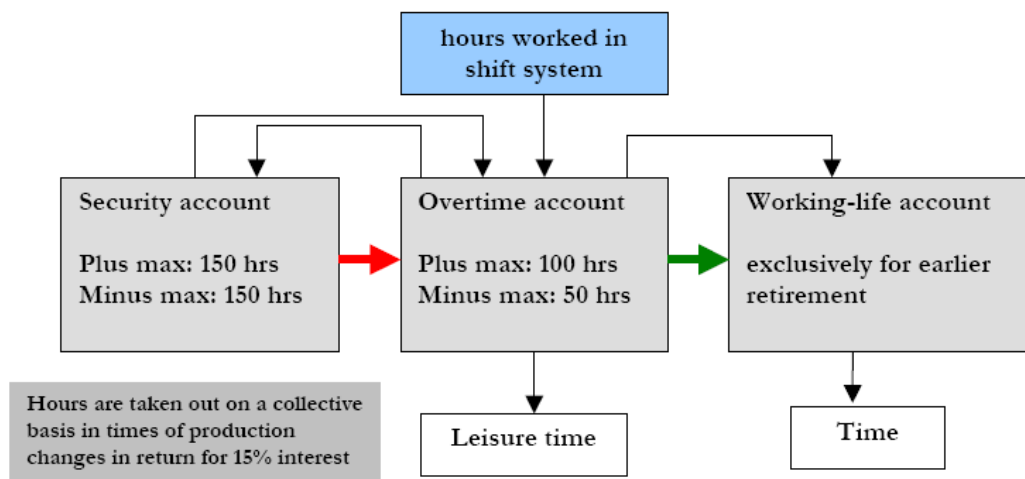
An important addition concerns the introduction of this working-time model in all German manufacturing sites on January 1st, 2003 (ending 2012; this introduction also required the amendment of the company agreement between social actors and a new additional, industrial collective agreement). This means that the time-working model – now revised to include three accounts – was introduced in all manufacturing units. Prior to this event, all production sites were able to independently regulate their staff's working time.

The employee representatives as well as the works council supported the modification of these concepts. Particularly important was the introduction of new provisions for employees to voluntarily leave the company earlier, which could be realised with the help of the working-time account without the employee have to fear financial losses. On the other hand, the management was interested in finding solutions that allows them to recruit new employees earlier as replacements instead of continuing to employ all employees till they reach the legal retirement age of 65 years. The model therefore fulfil the needs of the company to safeguard its interest in regulating working time in relation to production, but it also addresses the needs of the private employees wishing to choose their own point of departure out of the company.

The repercussions of the 11th of September affected the entire airline industry as mentioned above. But it also had repercussions for the number of orders by customers as well as the increasing rate of insolvencies amongst these companies, reducing turnover and profit rates by fifty percent in the space of a few months. Shortly afterwards the SARS epidemic followed at the beginning of 2002 in Southeast Asia, which resulted in further heavy financial losses. Shortly afterwards, the Iraq war started in 2003 that again led to more uncertainty due to another drop in plane orders. While Boeing managed these negative repercussions of these developments by radically cutting jobs (from the original 90.000 to 55.000 staff), Airbus was generally less affected. Instead, Airbus was even able to win market shares. The sequence of political events meant that the modified model became an important asset to the future employment policy of the company so as to better manage similar future crises with the help of these improved flexible overtime accounts.

The new working time model with three accounts include an overtime account, the security account, and the working life account.

Figure 1: Connections between the three accounts



6.1 The overtime account

The revision of the first model with two accounts also considered Haipeter's conclusions. The unclear purposes of the accounts were corrected. The new working life account serves the clear purpose of an overtime account which is regulated by the employee and can be used on a voluntary basis to manage the daily ups and down of production from one day to the next.

The „SiduFlex” flyer provides information to all Airbus staff and includes description of all accounts. According to the flyer (p. 3), the overtime account is “the central account. Here all overtime hours are collected – if flexi-time or additional working hours. [In addition], all hours are taken out via this account.⁶ ... [This means], leisure time from the overtime account, or transfer of hours to the security

⁶ See Box 2, p. 11.

account or the working life account. In agreement with supervisors, employees can transfer up to ten hours each month from the overtime account into the security account. This way, the additionally worked hours come to good use. ... Surcharges still apply for work on weekends and on holidays. However, employees principally no longer get paid for these additional hours – but these are considered as flexi-time and are all transferred into the overtime account”.

6.2 The security account

The purpose of this newly introduced third account can be clearly discerned by its name. It serves the aim of managing crises in the case of production fluctuations, which cannot be balanced out with the help of more general flexi-instruments. The introduction of this account also demonstrated to all employees that they have an important part to play in times of crises. The security account enables the company to bridge short or medium-term capacity problems by taking hours from all employee accounts following the approval of the works management and the works council. The use of hours from these accounts does not imply a financial loss for the employees in contrast to other instruments such as short-time work - which would also require additional social insurance payments by the employer Airbus. If the security account is full to the upper limit of 150 hours, the employee can transfer these hours into their working-life account.

The security account has similar upper and lower limits, just like the overtime account. The employee can transfer up to 150 hours plus in this account, but also the same negative amount (minus 150 hours). This broad span is the result of the following: the upper limit is also the amount of hours in one month according to the collective wage agreement. In the case of a crisis (i.e. low orders and thus surplus capacity) the works council and management have to jointly approve the use of the security account. Once the parties agreed, an agreed number of hours are uniformly taken out of all employee accounts – irrespective of the actual number of hours found in each of these individual accounts. This may then result in a deficit in some cases (resulting in negative hours up to a minus of 150 hours for these employees).

The primary beneficiary of the security account is the company because it helps Airbus works to manage production fluctuations. However, the actual account holders – the employees – will also benefit. Airbus has come up with the following solution: all hours taken out of the security account will be compensated by adding 15% as a service in return. For example, if the company takes out 8 hours from employees' security account to manage a short-term production low, the employee's account will be credited with having contributed 9 hours and 12 minutes instead. In some circumstances, the hours may also be used in individual exceptions; however, the interest rate of 15% will not be applied in these cases.

Box 2: Special account characteristics

The overtime account has specific reaction limits, i.e. if an employee has accumulated more than 80 hours overtime or if an employee has a deficit of minus 50 hours. As soon as one of these reaction limits is reached, the supervisor and the employee have to work out a plan to take out hours or to work overtime to eliminate the deficit. In addition, a minimum amount of 10 hours can be transferred from the overtime account into the security account each time. If the overtime account is full, no more hours can be accumulated (to emphasise the importance of these rules). In the case of low production and surplus capacity, hours are transferred from the security account back into the overtime account. If the overtime account is full, employees will be excused from work for a certain amount of time.

Employees can also request to have time off by taking out hours out of the overtime account. The same may also - in exceptional cases - be granted to employees wishing to use hours in the security account. In both cases, however, the use of these accounts on individual request is subject to approval by the works council and management and depends on the works' situation ("SiduFlex" flyer, p. 4-5).

6.3 The working-life account – „Airbus Invest for Life“

This working-life account has a very different function than the two previously described accounts. It does not only assist the company to manage production fluctuations but it also gives workers an opportunity to retire earlier rather than later. The employee continues to receive the same pay once a month for the amount of hours that the person has accumulated in this account.

Another particular difference compared to the overtime and the security accounts pertains to the conceptualisation of the working-time account as it functions as an investment fund that pays dividends (the hours are converted into money). The investment concept „Airbus Invest for Life“⁷ was developed for Airbus by the equity management company INVESCO. The account includes a number of safety provisions such as a nominal guarantee and insolvency protection to secure the investment. In addition, the investment risk is conceived so as to achieve a high return over the long run depending on the potential length of time of the investment and the age of the account holder. This means, the potential risks of the investment differ according to the age of the employee – the older the person, the safer (and less risky) the investment and expected dividends.

A further advantage for employee is the fact that he or she can regularly check its current account balance and receive account statements. In addition, both taxes and social insurance will only be deducted once the first payment is made. „The employer deducts the employer's social insurance contribution as if the employee continues to work full-time. And: As the hours have already been

⁷ The information is based in parts on the Airbus flyer „Zeit wird mehr wert. Airbus Invest for Life“ (In English: “Time is worth more. Airbus Invest for Life”).

worked, it will be considered in the calculation of the pension. Therefore, the company does not make any savings on wage costs with this working-life account“ (“SiduFlex”-Flyer, p. 5-6).

Airbus sets up the account. To be eligible to such an account, an employee must have worked at Airbus for at least twelve months and have a permanent job. In case that an employee will not continue with Airbus till retirement etc, the account balance is paid out to the individual. However, the account can also be transferred to another employer if this company offers a similar account. Another alternative is the conversion of the investment fund balance and the transfer of this amount into a pension fund instead, this will in turn again increase the pension payments that a person can draw upon in retirement.

7 Introduction and application of the working time accounts

In 2002, 76% of employees in Nordenham had a voluntary overtime account. 63% of the staff had also opened a long-time account (Haipeter, 2005, p. 273-274). Since the introduction of the working time model in all German works, every regular as well as casual member of the workforce now has an overtime account. The individual number of overtime hours in these accounts varies, some staff work more overtime as others while some have a negative account balance. According to some estimates, a proportion of 60-70% of the workforce use their overtime account regularly to take out hours or to build up hours (in case of a negative account balance). The regular employees also have a security account. At this point, 30% of the workers in Nordenham have opted to also sign up for the working-life account. Since the first overtime and working-life accounts there were already introduced in 1998, the Nordenham works already had the first cases where employees chose to go into early retirement in mid 2006. However, at this point the hours in the working-life account only amounted to a few months.

When using the accounts, a number of regulations apply which also need to be considered in this context. Due to different collective agreements across Germany, some of the staff work more hours a week than others. Therefore, a proportion of staff work 40 hours a week instead of the 35 hours a week. Airbus therefore decided to draw up an agreement that specifies that all employees - which are covered by the 40-hour collective wage agreements - be paid for a 37,5-hour week. The remaining 2,5 hours, however, are directly transferred into their working-life accounts. As a result, these employees automatically also have a working-life account compared to those who do not fall under the same 40-hour wage agreements. This compulsory measure is the only one in the company. The use of this working-life account subsequently varies amongst some of the employee groups.

The extent to which employees make use of their account also depends on the opportunities but also the will of the employees to work overtime hours and to transfer these into the security or working-life account. Haipeter also noted the often traditional attitude of some employees: some employees simply cannot imagine taking three months off. A somewhat conservative working-time culture still prevails amongst the workforce. Particularly supervisors and experts are still expected to be working longer hours as in other industrial sectors in Germany. This, in turn, leads to many more overtime hours being registered for these employee groups.

There is another fact to note at this point regarding the introduction and use of the three accounts. Staff includes both regular as well as casual employees. Casual workers get the same salary as regular employees in German works. They also have an overtime account that also allows them to accumulate up to 150 hours. This has been approved in a collective agreement. The main difference between the casual and regular employees therefore relates to the fact the casual employees only have one account (rather than three), which is managed by the agency or company which sends them to Airbus – rather than by Airbus itself.

7.1 The application of accounts since their introduction

The overtime account has been used twice at Airbus to manage production problems in 2002 and 2005 (see section 5, „The development of the working time model – the pilot in Nordenham“). The application of these instruments in the works Nordenham in 2002 demonstrated clearly and for the first time the benefit of these accounts in times of crises (falling orders following the events of September 11th and SARS). The security account was used a second time in May 2005 when production of the new plane type A380 was delayed by six months⁸. For the works in Nordenham, this production delay meant that the manufacturing of the hull and shell pieces for the A380 came to a complete halt for three consecutive months. This resulted in surplus capacity and considerable reduction of required working time. One option would have been the dismissal of all casual workers. However, this move would have led to more delays later on due to new recruitment of potentially inexperienced staff and their retraining that would have to be taken into account. To avoid these problems, it was decided to take one weeks' worth of hours out of the security account of the regular employees and the overtime accounts of the concerned casual workers⁹.

7.2 Repercussions for staff

The instruments were presented to all staff as a “win-win-win” solution: The company will benefit, the staff benefit, and the wider society does because people keep their work. In addition, the company has a definite trainee quota and guarantees all trainees a job once they have completed their training. Despite a few conflicts and resistance from some parts of the staff, the current working time account has been widely accepted after the first successful implementation of the instruments and much convincing on the part of the management and works council: The transfer of overtime into these

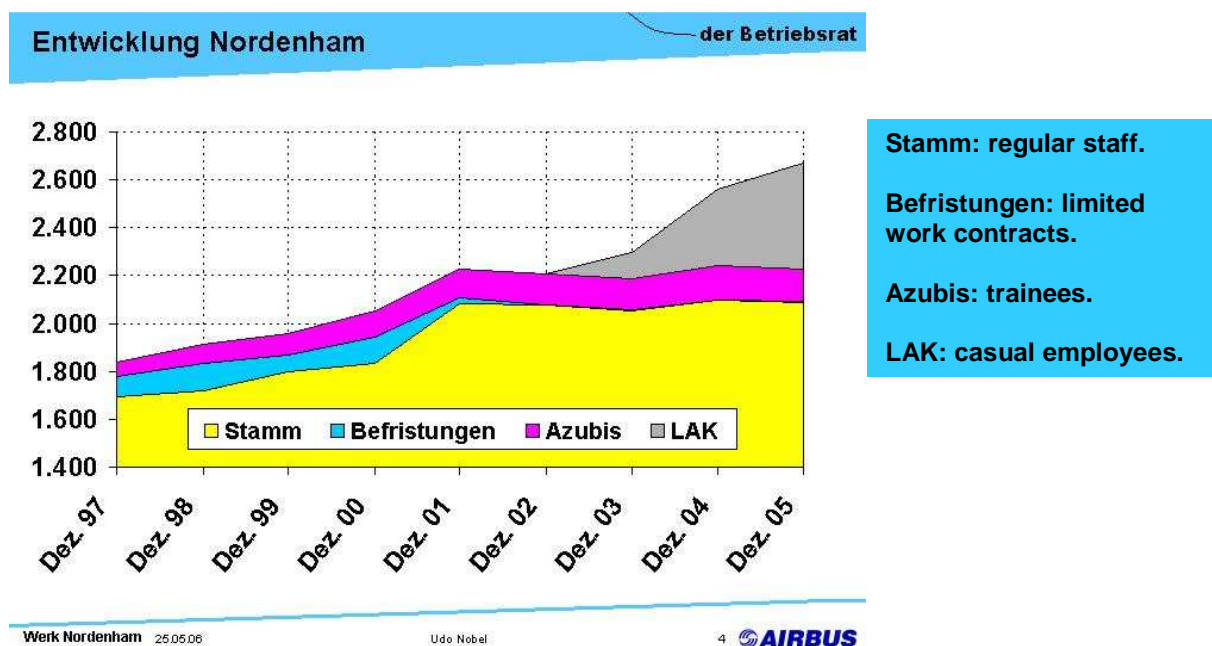
⁸ See FAZ Article, 14th of June 2005, “Airbus spielt die Verspätungen und die Führungskrise herunter“ [Airbus plays down delays and leadership crisis], FAZ Nr. 136, p. 14

⁹ At very high production volumes, lacking staff capacity is compensated by employing casual employees (including office works and highly qualified staff). This was also made possible by an internal policy agreement as an alternative to recruiting additional staff with a short-term contract only. This amendment of the policy agreement is based on past experience made at the Hamburg Works, where hundreds of temporary agency staff was recruited just prior to September 11th. Due to the crisis shortly thereafter, the majority of these staff contracts were not extended after the short-term contracts expired, many of who became unemployed as a result. If these people had remained casual employees on loan to Airbus from their agency in which case they would not have lost their jobs. Ever since then Airbus prefers casual workers on loan from agencies rather than recruitment of additional staff for short-term contracts only. If Airbus should run out of work, the casual workers will have access to a much larger job pool via their primary employer, the loaning agency than any individual Airbus works could offer. Quite often, however, casual workers are also placed from one works into another, which represents a better chance for the casual works than temporary employment.

accounts has become normality. The advantages and purpose of these accounts was successfully proven twice in 2002 and 2005. The acceptance of these instruments is thus relatively high, which is also demonstrated by the large proportion of workers opening up working-life accounts.

Figure 2 depicts the employment development and personnel figures over the last five years. The number of regular employees has not changed significantly since December 2001. Instead, the number of casual employees has continuously increased, whereas limited working contracts have all but disappeared.

Figure 2: Personnel development in Nordenham¹⁰



The personnel changes vary across the different Airbus production sites according to structure and production focus. Overall, the number of permanent staff at Airbus rose from 14,500 employees in 1998 to 20,600 employees in the mid-2006.

The introduction of these accounts allows all works today to transfer all overtime hours due to high production demands directly into the accounts. However, employees are not using the accounts equally. To meet high demands, casual workers are hired to spread the workload on more shoulders. The annual personnel plan requires the approval and agreement of all company actors. The works council at Nordenham usually pays particular attention to the amount of regular employees in every production unit, the workforce's qualification profile, and the extent to which flexibility can be increased. Production fluctuations of up to 30% and up to minus 20% can be managed for a certain period of time with the help of the various flexi-instruments (including the working time) – an essential success factor for the production in the Nordenham works.

¹⁰ We would like to thank the deputy chair of the Works Council in Nordenham for providing this graph.

8 Evaluation of working time accounts

The introduction of the “SiduFlex” framework, which included the working time model, also included the policy to increase the numbers and the job security for permanent staff, as well as a set trainee quota, equal pay rules for casual employees and a long-term company agreement on these points up to 2012¹¹.

8.1 *The role of social actors*

The relationship between the works council and the management played an important role in the conceptualisation and introduction of the pilot project in Nordenham (see section 5). The participation in a research project of the IAT and the cooperation with an external expert (Thomas Haipeter from the IAT) was very helpful for the evaluation and the subsequent revision of the account model. The development of the flexi-instruments was thus not just supported by the company, but also by the works council as a way to secure jobs. The maxim of the works council says that job creating measures take priority compared to measures that lead to longer working time. The works council particularly supports flexi-instruments because it led to the creation of an alternative model of work organization rather than resorting to longer working hours without pay.

8.2 *Challenges and further modifications*

In theory, if the upper limits of both the security (150 hours) and the overtime accounts (80 hours) are combined, the maximum number of hours per person reaches 230 hours. And this is where the first problems come up in some of the production sites. The number of orders and production has been relatively stable over the last few years. As a result, an increasing number of employees have reached the upper limits of their security and overtime accounts. In this case, the working-life account would be the next option to consider if it is not possible to temporarily cut working hours. However, opening such an account is still up to the individual employee. Some employees still do not wish to transfer their hours into such an account. Therefore, means to reduce hours in the first two accounts are currently limited. As the deputy chair in Nordenham explains: „If we do not have a crisis, there is no systematic removal of hours. ... We need to conceive additional instruments to manage permanent high production, without having to throw out the entire model“.

8.3 *Employee advantages*

The beneficiaries of the accounts model are: the company, the regular employees, but also the casual employees as they have almost the same status as their colleagues due to the “SiduFlex” framework. Due to the described practice, casual employees are integrated into the company just like their regular employees (particularly since they are considered part of the regular employee pool once they have

¹¹ Silberborth, I. (2006) Zukunft sichern. Gastkommentar. [To secure the Future. Guest commentary]. Weser Kurier, Nr. 17, p. 17. Ingrid Silberborth is the company chair in Airbus Germany.

worked for two continuous months at a specific location). The overtime account gives also more job security to casual workers in times of production lows, which means they no longer have to fear instant dismissal. The permanent staff, by contrast, enjoys very high job security until 2012 and can make use of a number of new opportunities to structure their work and leisure time with the help of the overtime and the working-time account. Due to the security account, they also have more influence and flexibility regarding their own transition into retirement.

Conclusions

Working time accounts as innovations

The present case study described the accounts model that is part of the flexi-instruments currently in use at Airbus. Flexi-time instruments can be found in many European countries where they enjoy varying popularity. Flexi-time instruments are much more common in countries such as Finland, Sweden and the United Kingdom „whereas set working times still predominate in countries such as Hungary, Greece and Portugal. About 51% of companies offer flexible working hours in Germany which is found thus in the middle of the EU scale”¹⁴.

At this point, several developments and events should be mentioned which played an important role when we talk about these accounts being ‚innovative’. The working times model was tested with the help of a pilot in Nordenham and has since then been in use twice. The model has therefore existed for a number of years and is now a much more mature, yet still innovative version of the first pilot. The fact that the socially responsible account model combined the interests of the different social actors (company, employees, and the works council) suggests that this innovative and smartly financed model will continue to stand the test of time.

According to Hus (2005), Airbus has led the way in Germany in terms of the introduction of the accounts at all German works sites – particularly in relation to the working-life account. Compared to a statistic from 2004, only 3% of German companies¹² offered their employees working-life accounts. Other social actors and companies also acknowledged the innovation, which this working time model represents. The Airbus-investment-model (in terms of working-life account by INVESCO) was awarded an Innovation Prize in combination with the three-working accounts model. That means, not only the accounts model but also the investment format is considered very innovative and a success, particularly because the investment funds have brought in very successful dividends to date.

Transferability

Working times accounts are increasingly popular and are in use in many different companies (i.e. Volkswagen in Germany). The format and the number of accounts being offered vary from one company to the next. Flexi-instruments like these accounts are being used by primarily larger

¹² Hus refers to the information provided by the Deutsche Industrie- und Handelskammertag [German Association of Industry and Commerce], DIHK.

organisations that employ relatively stable numbers of employees and experience significant production fluctuations. The flexible regulation of working times according to production demands – without the complications of also fluctuating personnel numbers – can be a competitive advantage. Companies can quickly react to changes without being delayed by the lack of personnel, hastily organised recruitment drives, nor do they have to wait till the new staff has been properly trained. The overtime account can help to balance out smaller ups and down in production. However, the company can thus react from one day to the next – and can be sure that they have a regular, well-qualified workforce they can rely on. However, the advantages of working accounts have led to increasing numbers of small and medium sized companies taking an interest in these flexi-instruments.

The Airbus working time model has not only been of interest to national actors in Germany, but some international actors have also expressed an interest. Several representatives have thus attended and presented the model at a number of conferences, such as the 2005 ETUC Conference „Challenging Times. Innovative ways of organising work time: The role of trade unions“. Several attending union representatives took an interest, however, the majority of employers disapproved and questioned the costs. The actual framework is, of course, different in each country. For example, France has legal guidelines in the case that employees work extra hours/overtime so it would not be possible to introduce this working time model in this order of magnitude.

It can be hoped that - based on the good cooperation of the different social actors at Airbus, the joint conceptualisation of the working time agreement “SiduFlex”, the acceptance of the new rules by the workforce, and the achieved flexibility via the working-time model etc – Airbus as a company will be well prepared to face future crises while also hopefully managing to secure employment for all current workers until 2012, when the present company agreement is up for renewal.

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