

# Trade Unions in Germany

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**BEGINNER GUIDE**



# Trade Union and Works Council

## How are they different? Why are both important?

Germany has a unique and **well-established system of industrial relations**. There are trade unions and works councils. They share a common purpose – improving the working conditions of all employees, but they are NOT the same. Let's examine their differences to understand why both are very important.



## Trade Union ( TU, Gewerkschaft )

Responsible for entire industries

Only TU can negotiate collective agreements with employers' associations or individual companies. These agreements can regulate key aspects such as wages, paid leave, and weekly working hours.

Conducts collective bargaining processes. Only trade unions are authorized to call for strikes.



## Works Council ( Betriebsrat )

Specific to each company

Cannot negotiate collective agreements

Can conclude works agreements, which regulate operational matters such as remote work, flexible daily working hours, or occupational health management

The existence of a works council does not automatically mean that a collective agreement is in place – only trade unions can conclude those.

Responsible for handling employee complaints, ensuring occupational health compliance, reviewing job classifications, etc. Employees can contact works council at anytime during working hours.

As a member organization, IG Metall has a democratic structure – the members decide on their policies and priorities.

Supports works councils by offering qualifications, educational seminars, and assistance in establishing new works councils

Provides individual services such as legal consultations and legal protection in matters of labor and social law

Anyone in Germany can become a TU member – this right is protected by the Constitution (Article 9, Paragraph 3 of the Basic Law: “Freedom of Association”).

Facilitates networking between works councils and other employees of various companies

It is important that many employees become TU members. The more members there are, the greater the pressure on the employer to enter negotiations. This increases the likelihood that the union will achieve a favorable collective agreement for the company. A strong union presence helps maintain a balance of power between employers and employees.

Has the right to be informed about important company decisions, and, in many cases, to co-determine – for example, in matters such as hiring, job classification, transfers, or terminations

Elected by all employees. The term of office is four years.

Many works council members are also active trade union members. Works councils often cooperate closely with trade unions.

All eligible employees who have been at the company for more than six months can run for the works council.

According to German law, all companies with five or more employees should elect a works council. The number of council members increases with the number of employees.

# Basics about Collective Agreements

Another common topic discussed in German workplaces is collective agreements. Here is a quick overview of what they are, who benefits from them, and how.

## What is a collective agreement?

Collective agreements (“Tarifvertrag”) are written contracts between trade unions and employers’ associations or individual companies that regulate the content, the conclusion and the termination of employment relationships. Specific issues covered by collective agreements include wages, working hours, vacation entitlements, bonuses, overtime pay, and notice periods.

As the name suggests, these agreements are **negotiated collectively on behalf of the workers**. In the German system of industrial relations, **only trade unions – together with their members – are authorized to negotiate collective agreements** with employers or employers’ associations.

Collective agreements serve as a minimum standard for all employees within a company (in-house agreement) or across an entire regional industry (*sectoral collective agreement*). **A high level of union membership among the workforce is essential**. This not only strengthens bargaining power but also ensures that the negotiated terms reflect the interests of the majority of employees.

Under German law, collective agreements take precedence over company or works agreements. This means they are **more legally binding than individual employment contracts or agreements made by works councils**.

## Why do I need collective agreements if I negotiate my salary on my own?

- **Stronger Negotiating Power:** Unions can negotiate better terms collectively than individuals can on their own. This often results in higher wages, better benefits, and improved working conditions. You can ask your local IG Metall office to inform you of the current wage tariffs applicable in your industry.
- **Consistency and Fairness:** Collective agreements ensure that all employees are treated fairly and consistently. They help reduce inequalities, such as gender pay gaps.
- **Job Security:** Collective agreements often include provisions that protect against arbitrary dismissal and ensure fair procedures for resolving workplace disputes.
- **Additional Benefits:** Beyond salary, collective agreements typically cover a range of benefits, including retirement plans, vacation entitlements, and opportunities for professional development.
- **Predictability:** Both employers and employees benefit from the clarity and stability that collective agreements provide regarding wages, working hours, and other employment conditions.

Even with a collective agreement in place, **you can still negotiate additional terms individually** if you wish. **The collective agreement sets a strong foundation**, ensuring that you and your colleagues are treated fairly and equitably.

## Does everyone at a company get the benefits from collective agreements?

Employers often want to avoid employee unionization. For this reason, they tend to apply collective agreements to all employees, regardless of union membership. However, the provisions of a collective agreement are **only legally binding for trade union members**. For example, in legal disputes, non-members are not entitled to claim benefits under the collective agreement.

That said, collective agreements generally raise standards for everyone in the company, regardless of their role. **AT employees** (*außertarifliche Angestellte*, i.e. employees not covered by standard collective agreement pay scales) **also benefit from successful collective bargaining**, as the collectively agreed wages often serve as a lower benchmark for AT salaries.

## The working conditions seem to be quite good in Germany in general. Are collective agreements really needed?

Collective agreements play a major role in shaping the high working standards in Germany. This is true for two main reasons:

- 1. Widespread coverage:** Many companies are unionized and operate under collective agreements.
- 2. Influence on legislation:** Collective agreements often set benchmarks that inspire improvements in national labor laws.

Employees covered by collective agreements are still significantly better off than those without. Here's an illustration comparing the **legal minimum standards** for working conditions in Germany with the standards set by **IG Metall collective agreements**:

	Legal basis	IG Metall collective agreement metal and electrical industry
Annual vacation with 5 day week	20 working days	30 working days
Holiday pay	-	50% of a monthly gross pay
Christmas pay	-	up to 55% of a monthly gross pay (there are different scales)
Working time	48 hours per week	35 hours per week
Other paid leaves	-	weddings, birth of a child, bereavements
Employment after vocational training	-	trainees must be kept on for a minimum of 6 months
Period of notice	before the end of the month	before the end of the quarter

# IG Metall Membership – how does it work?



**Join online!**

Are you thinking of joining IG Metall but not sure how it works?

## Who can join IG Metall?

Anyone! **Being a member of a trade union is a basic right in Germany**, protected by the Constitution and applicable to everyone living in the country.

IG Metall represents a wide range of industrial sectors: metal and electrical industry, IT, steel, automotive, mobility industries, wood and plastics processing, textiles and clothing, and skilled trades. With over 2 million members, **IG Metall is the largest independent trade union worldwide**. Our members work in diverse professions – from engineers and software developers to controllers and many more.

Students, dual students, trainees, solo self-employed, unemployed individuals, and retirees can also join IG Metall. They benefit from services such as legal advice and protection, educational seminars, and more.

## Will my employer find out I'm a member?

No - unless you choose to tell them. Your employer does not receive any notification about your membership and **has no legal right to know whether you are a trade union member**. In contrast to some other countries, the membership fee is normally **not** deducted directly from your salary.

You have the right to talk about trade unions and your membership with other colleagues if you wish. Being part of a trade union is your constitutional right, and **employers are not allowed to discriminate against you or disadvantage you in any way because of it**.

## Does the membership require any time commitment?

That's entirely up to you. You can simply be a member, support the cause, and enjoy the benefits—without ever having to tell anyone or actively participate.

However, you are also very welcome to get involved: attend union events, build your network, become a shop steward, or even run for the works council with IG Metall's support.

**You decide** what level of involvement suits you best.

## How much does it cost?

IG Metall is funded exclusively by its members' contributions. This guarantees **the union's independence from external interest groups**.

Most members contribute 1% of their average monthly gross income. This system promotes fairness and equality among our diverse membership.

## Your contribution quickly pays off through:

- pay increases and bonuses negotiated by the union on behalf of its members
- access to valuable resources, including expert advice, professional education, and up-to-date information
- legal protection—available to members after three months

**Union dues are tax-deductible.** As they are related to your profession, they count as income-related expenses. Typically, proof of payment is required, which you can download from the Servicecenter at [igmetall.de](http://igmetall.de). You must also state the total amount of contributions paid.

*Information provided without guarantee.*

**1%**  
of the average  
monthly gross  
income

Applies to members in:

Full-time and part-time employment

Company-based training programs

Part-time and work-integrated training  
or study programs

Solo self-employment

**3€**  
per month  
benefit  
protection  
contribution

Applies to:

Parents on parental leave

Pupils and students in full-time education  
or studies (without remuneration)

Members receiving citizen's allowance  
(*Bürgergeld*)

Individuals receiving social benefits  
due to illness

Members in private insolvency,  
on unpaid leave, or providing full-time  
care for family members

Applies to:

Retired persons

Persons receiving sickness benefits

Unemployed persons receiving  
Unemployment Benefit I (ALG I)

Retraining participants (retrainees)

**0.5%**  
of the  
monthly gross  
compensation

**0€**  
no membership  
fee – Typically for  
6 to 12 Months

This applies to individuals engaged in:

Federal voluntary service  
(*Bundesfreiwilligendienst*)

Voluntary military service  
(*Freiwilliger Wehrdienst*)

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