

Flexibilisation of Working Hours Management and Work Sharing:

The Reaction of Renault, PSA and TMMF Facing the Crisis

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1. Laws that changed industrial relations, laws that couldn't do it

1.1 The Laws that changed industrial relations:

Two Aubry Laws of 35-hour Working Week

- From the **January 1st 2000**, the legal working week has become 35 hours for the companies with more than 20 employees.
- The companies with 20 employees and less had to apply it until the January 1st 2002.
- The government would financially help the companies that had applied the 35-hour working week, according to **the management-union agreement, signed by the unions being representative of the majority of employees.**

1. Laws that changed industrial relations, laws that couldn't do it

Effect 1 of Aubry laws

✧ Reduction of working hours

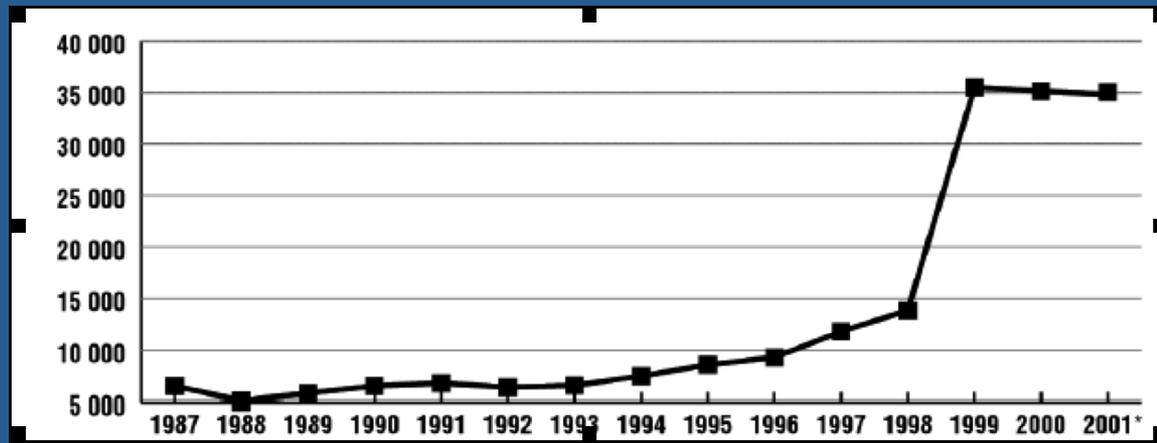
In 2002, 53% of employees were working under the 35-hour working week among the companies concerned.

✧ Work-sharing

For three years from 1999 to 2001, 270 thousand employees were created.

Effect 2 of Aubry laws:

- ✧ Increase of management-union negotiations & agreements
- ✧ Stabilization of management-unions relations, because of **new compromise**
 - ✧ Flexibilisation of working hours finally realized
 - ✧ Shorter working hours with guaranteed income.



1. Laws that changed industrial relations, laws that couldn't do it

1.2 The laws the right wing government enacted in order to neutralize the 35-hour working week, couldn't change Industrial relations.

- ✧ The **law of the March 31st 2005** has institutionalized the “**chosen hours**” with which the company make work its employees more than the legal quota of overtime, after concluding a M-U agreement.
- ✧ The law of the August 21st 2007, called **TEPA law**, has promoted long working hours, by **tax-exemption** on overtime pays and **abatement of “cotisation sociale”** of employer and employees, applied to the overtime pays.
- ✧ The laws of the January 1st 2003 and the March 31st 2005 had delayed the application of the 35-hour working week to the small companies with 20 employees and less , and the TEPA law has definitively abolished this legal obligation.

1. Laws that changed industrial relations, laws that couldn't do it

Insignificant effect of the TEPA law

Overtime per trimester, announced by ACOSS (Caisse de l'URSSAF)

Companies	2007 IV Trim.	2008 I Trim.	2008 II Trim.	2008 III Trim.	2008 IV Trim.
All Companies	13.9	15.3(9.6)	15.7(10.0)	14.0(9.3)	14.4(9.7)
Semetrial Decl..		25.1(12.1)	25.5(12.5)		
Monthly Decl		13.6(8.9)	13.9(9.4)		
Less than 10 Employees	26.9(12.0)	27.2(12.9)	27.3(13.3)	25.8(11.9)	26.7(16.9)
Equal to & more than 10	11.7(7.4)	13.4(8.8)	13.7(9.2)	12.2(8.7)	12.6(9.1)
10-19	28.9(17.7)	28.6(18.7)	28.9(19.2)	26.1(16.7)	26.9(16.9)
20-49	23.5(14.2)	23.7(15.2)	24.1(15.9)	21.6(14.5)	22.3(14.9)
50-99	14.1(8.5)	16.6(10.5)	16.4(10.7)	15.1(10.5)	15.6(10.9)
100-249	10.8(6.7)	13.2(8.8)	12.8(8.8)	12.0(8.8)	12.9(9.7)
250-499	7.0(4.3)	9.9(6.4)	9.5(6.3)	8.6(6.3)	9.3(7.0)
500-1999	5.5(3.3)	7.2(4.6)	7.4(4.8)	6.3(4.5)	6.7(5.0)
Equal to & more than 2000	4.2(2.9)	5.9(4.0)	7.0(4.8)	5.9(4.5)	5.4(4.2)

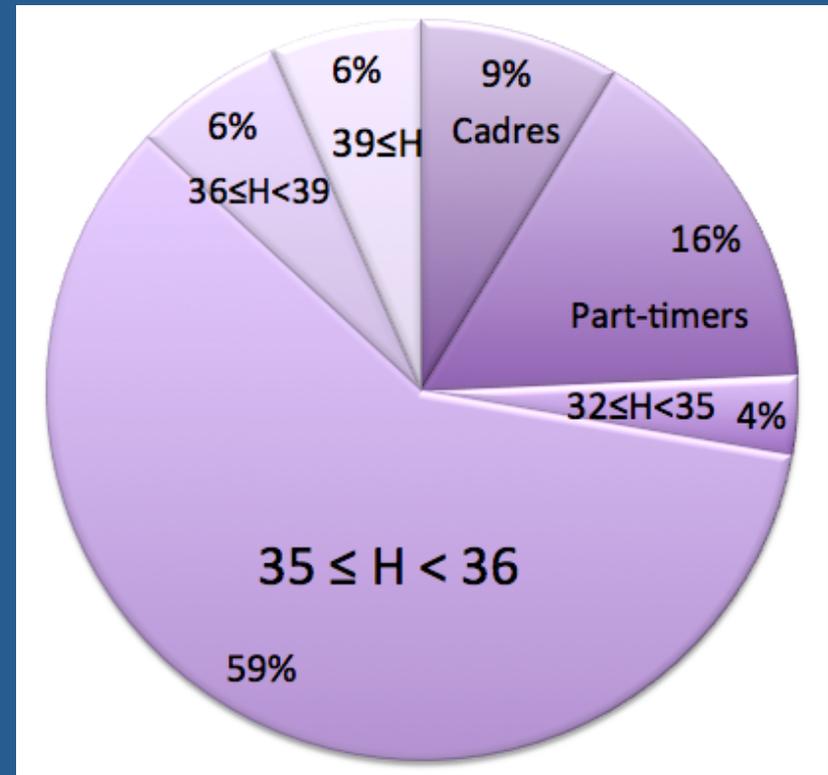
1. Laws that changed industrial relations, laws that couldn't do it

Why couldn't the TEPA law make the French people work longer?

Because the new management-union compromise is robust.

- ✧ For the management the flexibility of work organization, and for the employees, shorter working hours with wage assured.
- ✧ Management doesn't want to destroy this compromise and stabilized management-union relations.

Working hours in 2008 of the companies with equal to and more than 10 employees



2. Flexibilisation of Working Hours Management: the Case of Carmakers

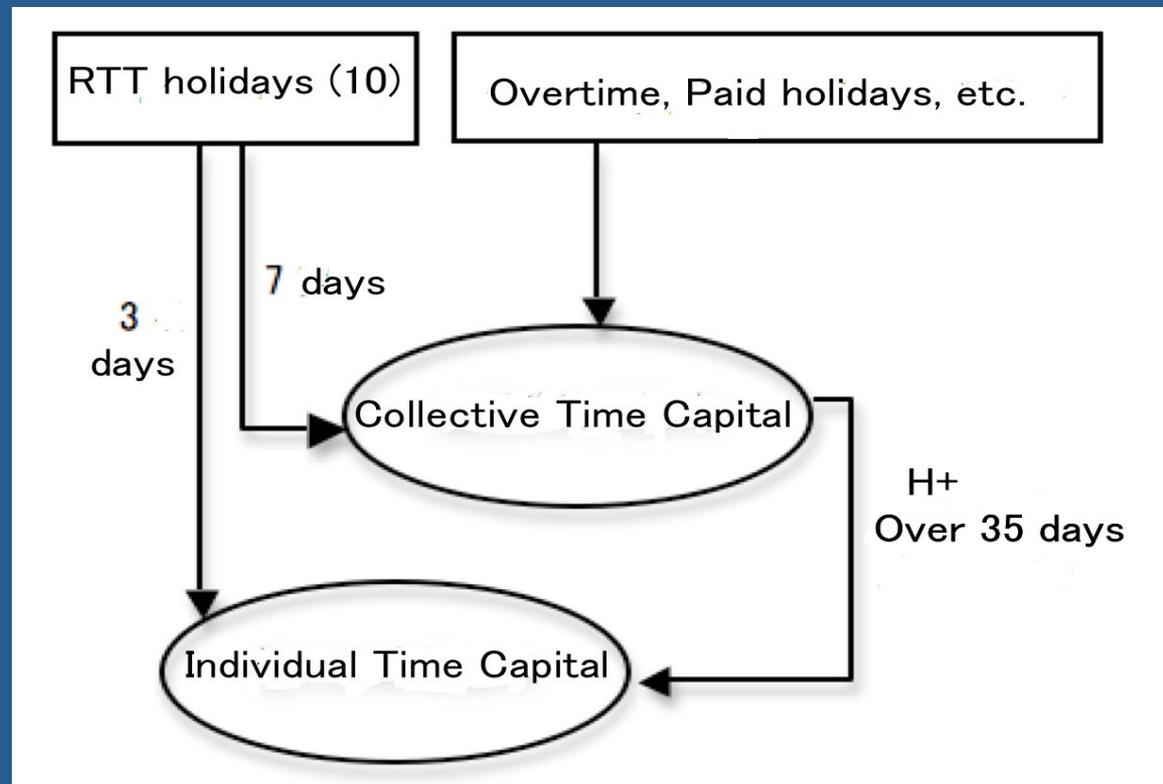
2.1 Renault

✧ Renault has not shortened the daily working hours, but given additional 10 paid holidays (RTT holidays).

✧ 7 of 10 RTT holidays are used by the management.

✧ Overtime are managed as in the figure.

Annualized management of working hours



2. Flexibilisation of Working Hours Management: the Case of Carmakers

Pluri-annual Management of Overtime

2.2 PSA

- ✧ PSA has reduced the effective working hours to 7 hours a day, 35 hours a week.
- ✧ Overtime is fixed at the end of the year, and treated as in the figure.

	Current Account		CET (Deposit account of Time)
C O L L.	+	End of Y	5 Days (Max. 70 h. for three years) H+ over 5 days a year
		+	
I N D I V	-	-	Max - 5 days → To be recovered
		+	Overtime pay or Capitalization (Up to 120 days)
	Holidays	H+25%	

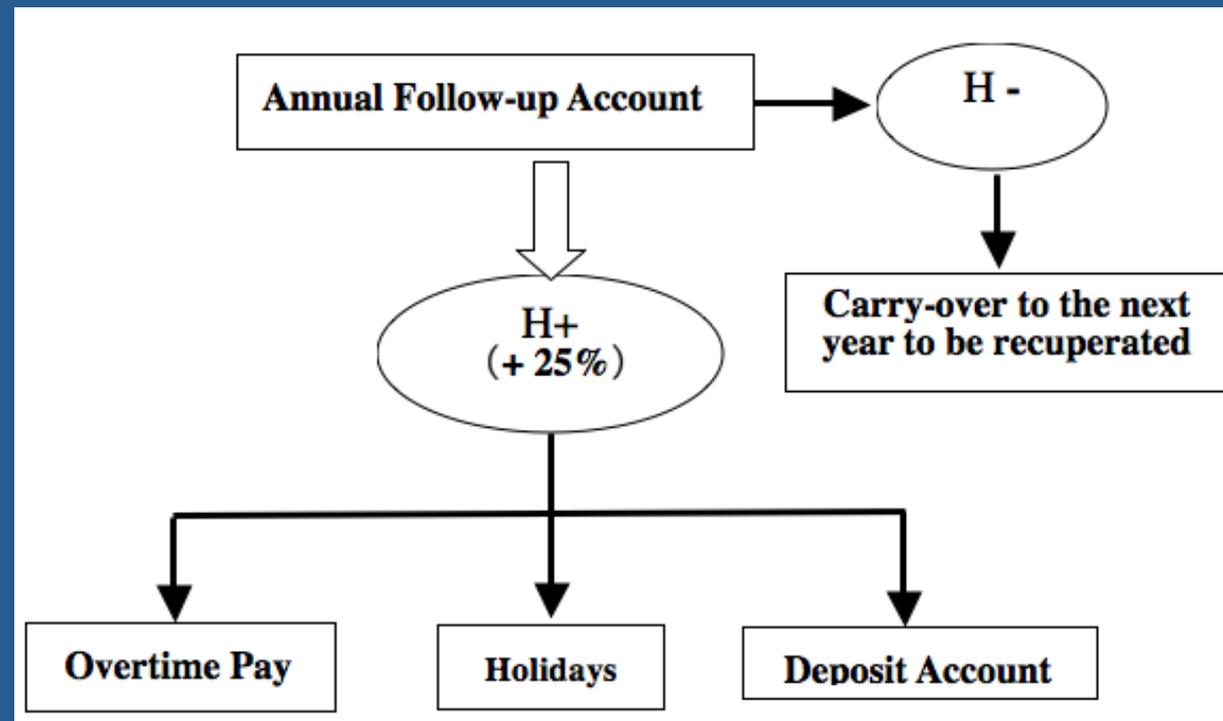
2. Flexibilisation of Working Hours Management: the Case of Carmakers

2.3 TMMF (Toyota)

✧ TMMF has applied the 35-hour working week from the beginning.

✧ In the agreement figures the treatment of negative overtime, which however was not determined in detail.

Pluri-annual management of Overtime



3. Reaction of the carmakers facing the crisis

3.1 Renault

✧ Managerial crisis before the world financial crisis

- ✧ Sandouville plant had been running using only 40% of its capacity from 2006, and decided to reduce its employees by thousand voluntary retirement (1, 300 employees in effect).

- ✧ Douai plant, Flins plant, Le Mont plant, Choisy le Roy plant also were in difficulty in 2006 or 2007.

✧ Agreements for keeping the employees

- ✧ Advancement of 15 days or 20 days into the collective time-capital in order to avoid lay-off

- ✧ Use of Individual time-capital when the collective time-capital become minus 20 days.

- ✧ La financial crisis from the autumn had deeper impact on Renault than before, and the precedent means became insufficient.

3. Reaction of the carmakers facing the crisis

3.1 Renault

- ✧ **Social agreement of crisis** for 2009, in order to avoid dismissal, expected of 8 or 10 thousand employees
 - ✧ During the lay-off, the employees working under the regime of 35-hour working week can receive 40% of wage, financed by **the special crisis fund**, in addition to 60% of wage, paid according to labor law.
 - ✧ This fund is financed partly (20%) by the individual time-capital of “cadres” and “ETAM” working under the regime which fixed only the number of working days, their wage being not reduced even during their lay-off, and partly (20%) by that of the employees them-selves.
 - ✧ This agreement, proposed by the CFDT, was signed for the **solidarity**.
 - ✧ After the government and l'UNEDIC have concluded an agreement which would increase the rate of lay-off compensation up to 75% of wage, the contribution of employees to the fund has been reduced.

3. Reaction of the carmakers facing the crisis

3.2 PSA

✧ Treatment of the lost working days before the financial crisis

✧ Agreements of the March 8th 2005 and of the October 4th 2006

Lost Working Days	≤ 5	6–15	16–25	26≤
Wage paid	100%	100%	100%	100%
To be recuperated	100% (5)	40% (4)	30% (3)	null
Management by	Col. CET	Lost- days account		

✧ Revision by the Agreement of the April 10th 2009

Lost Working Days	≤ 5	6–15	16–25	26–35	36–45	46≤
Wage paid	100%	100%	100%	100%	100%	100%
To be recuperated	100% (5)	40% (4)	30% (3)	20% (2)	10% (1)	null
Management by	Col. CET	Lost- days account				

When the company has to do lay-off, the employees are trained for the Lean Manufacturing, receiving 100% of wage during the training.

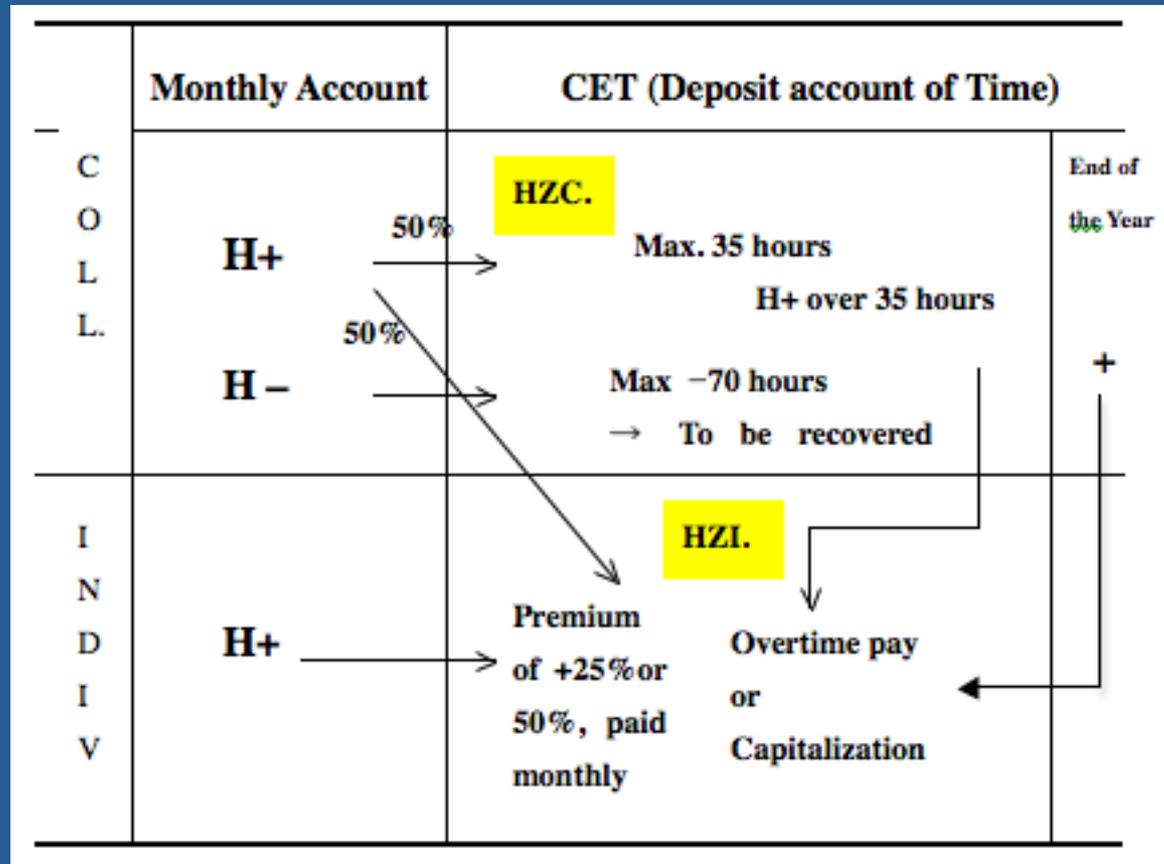
3. Reaction of the carmakers facing the crisis

3.3 TMMF (Toyota)

- ✧ Because of the financial crisis, TMMF had to stop its production for several weeks from the December 22nd 2009, and the minus hours in the follow-up account went over 70 hours, so that the management proposed the unions to set in place a **pluri-annual management of the working hours**, in order to avoid lay-off. But the negotiation ended in **failure**.
- ✧ Lay-off for one week, caused by Faurecia d'Auchel stopping supply of door panels to TMMF, provoked the strike of union members of CGT and FO, who demanded a compensation by 100% of their wage.
 - ✧ The management refused such claim insisting on the principle "No work, No pay", but increased compensation from 60% to 75%.

3. Reaction of the carmakers facing the crisis

- ✧ Agreement in Autumn 2009, to manage the lost working days and the lay-off like the initial treatment at PSA



TMMF could not set in place the pluri-annual management of H+ & -.

Provisional Conclusion

- ❖ The French carmakers wanted to solve the problems of labor relations, on the basis of the **management-union compromise**, established when they had concluded the agreement with unions for the 35-hour working week.
- ❖ What is observed in common in the financial crisis is that they tried to keep their employees, by managing the lost working days and making the management of working hours more flexible.
- ❖ In the automobile industry is observed the new **culture of social dialogue** deeply rooted. This is also the fruit borne by the Aubry law I.

Thank you for your kind attention.