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Financialisation of wages and works councils' policy: Profit sharing in the German metalworking and electrical engineering industries**

Profit sharing wages are of growing importance in Germany. They are indicating a nascent trend of financialisation of wages. However, little is known about the regulation of profit sharing wages especially on plant level and the way they affect the policies of works councils. Plant level wage policy is a subject of codetermination according to the German Works Constitutions Act, and wage policy has always been one of the most crucial topics of works councils' activities. What is the role works councils play regarding the negotiation and regulation of profit sharing wages? What is the collective interest they define and pursue in this respect? And what are the effects of wage financialisation on the legitimacy of works councils? These questions are analysed with respect to the development of profit sharing wages in the German metalworking industry. Based on a variety of research methods, our analysis shows that profit sharing wages are a source of legitimacy for the works councils. In many cases the works councils, usually regarded as victims of financialisation, are actively striving for the financialisation of wages in their companies. However, they have to cope with the problem that profit sharing nowadays is based on a redistribution of income between capital and labour, between firms and between different categories of employees.

Key words: **profit sharing, works councils, financialisation**
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