



SWEDISH AEROSPACE AND DEFENSE INDUSTRY

AIR PROJECT 2017



INTRODUCTION

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Sweden has a strong and competitive aerospace and defense industry which is more research intensive than most other industries. The technological breakthroughs and innovations in the aerospace research has had extensive positive externalities effects, that is to say that the technology developed in the aviation industry are used in and by other industries.

Swedish aerospace industry consists of two major companies SAAB AB and GKN Aerospace, as well as several smaller companies as RUAG, OHB Singapore, ÅAC Microtec etc. Swedish aviation industry directly employs 17 000 people, many in highly skilled jobs as engineers, technicians, aircraft mechanic, etc. Through their supply chain support the airline industry an additional 7 000 jobs. Many of these jobs are in other manufacturing sectors, including companies that produce navigation and steering equipment. In addition, we compete on competencies with other high-tech industries that are in need of the same competencies. Additional 4 000 jobs are supported by consumption of the employees in the aviation industry and the companies that supply the aerospace industry.

Long-term skills supply are vital to Sweden's high-tech industry's innovation and supply competitiveness.

THE SURVEY

The survey concerns the areas of staff recruitment, qualifications and job development, health promotion, knowledge transfer and business culture. The questionnaire was answered by SAAB and GKN Aerospace and covers workers and officials. The responses show that companies have an age structure where a large part of those employees will retire within a period of 5-10 years which are not fully matched by recruitments. At the same time, there is a requirement for increased productivity, so the need for staff do not follow the development of the company, but it is also about to cover the internal movement within these companies. Good recruitment opportunities creates internal mobility within companies which gives our members better opportunities for skills development throughout their working lives.

The survey responses show that companies in the aerospace industry have difficulty recruiting skilled workers and that it will become more difficult to recruit in the future. The industry has generally difficult to attract younger talents, the reasons for this are different depending on which country we are. In Sweden, we see that young people are seeking theoretical programs rather than vocational programs, if the development continue as projected then in 2025 there will be missing 26 700 employees in the manufacturing industry. If we look at the internal educational opportunities, both SAAB and GKN has developed system for training of personnel, where we know that the current structure with the certification requirements in the aviation industry requires that staff maintains a high level of expertise in their field. In addition, these two companies own schools that offer vocational training for high school students.

The answers that our sister organizations presented shows a similar situation within European industry.

THE SWEDISH MODEL

In Sweden, we have a unique way to control wages and other working conditions in the labor market. Sweden has no legislation governing minimum wages and other terms of employment.

The Swedish model simply means that it is the employers' organizations and trade unions jointly negotiate the terms of pay and conditions. In addition, it builds on the industrial partners and the community work together for the industry's development and growth.

VOCATIONAL INTRODUCTION AGREEMENT

Since 2010, IF Metall has an agreement with among others the Association of Swedish Industries and The Swedish Association of Industrial Employers, it's an agreement on Vocational introduction employment (VI-employment). The aim of the agreement is to help to secure the industry's future skills supply and give young people an effective start on their careers by providing them with training and guidance in their new work. The IF Metall Vocational induction agreement (VI-agreement) provides, through local agreements, a form of employment type which makes it possible to combine work and training. Purpose of the agreement is to provide a complement to other recruitment avenues for facilitating workplaces skills supply. With the help of VI-employments, the employer gets financial support by the State for training a new employee, where the employer gets financial support for tutorial and also aid in the form of a wage subsidy for a maximum of 12 months.

IF Metall has initiated various projects to reduce unemployment and solve the industry's skill supply in the long term. A project that has shown good results is "Young Workshop" cooperation between labor office and IF Metall Värmland, the aim of the project is to reduce participants' time in unemployment, also, and way to get the local industry to survive future retirements. Another success factor is to project educates participants on the needs of the company which makes the students attractive to employers. Participants receive training which interspersed with practical work in the host company, the project then uses the agreement of VI-employment when the participant will be out to work.

PREREQUISITES FOR STARTING THE PROJECT AT SAAB AND GKN

On the basis of the conditions that we have within the Swedish model of negotiation, with our agreement on VI-employment and the support from society, we see an opportunity to make it easier for companies to recruit while giving disadvantaged young people a way into the high-tech industry.

OUR INITIATIVE

Our main initiatives is to explore the possibility of utilizing the agreement of Vocational introduction. We want to describe a possible approach and a package of different tools to use, adapted to our activities.

Challenges

The big difference between our activities and for example, the automotive industry is that we have generally required a relatively good educational background or extensive experience. It sorts off a large group of potential job seekers. Even within our workplaces, there are tasks which should go to hire young people with lower requirements, or who holds a different training than the industry requires. We believe that this category of employees, later will be more loyal and less likely to change jobs.

Plan

Our methodology is to:

- 1. Review the national agreement.**
- 2. Find good examples.**
- 3. Investigate social support and other tools.**
- 4. Adapt to our needs.**
- 5. Explore interest among employers, but also within the unions.**
- 6. To develop and to find collaborations**

Current situation:

1. National agreement

There is an agreement between the IF Metall and among others the Association of Swedish Industries and The Swedish Association of Industrial Employers, which gives us the ability to locally in the workplace agree on VI-employments. But none of the parties could be forced to impose the agreement on Vocational introduction there must be in consensus. It gives the Union the opportunity to, for example, set higher demands for more education, higher wages, and validation. Everything depends on the labor shortage within the company.

2. Good examples

To find approaches and solutions, we need to look at others who have made similar deals in the past. Including the Volvo step which is a collaboration between Volvo AB and Volvo Cars and the Gothenburg municipality. There are a few attempts in the regions and in individual companies, in most cases it is about solutions, tailored to the local labor market. Common is that there is a clear plan for training that companies need and good cooperation between the community, employers and trade unions.

3. Social support and other tools

The agreement has been a politically charged issue in Sweden, where Liberals and right-wing parties advocated similar solutions in its attempt to lower the salary level in Sweden. Therefore, there is a natural resistance within the trade union movement. But the VI-agreement is not a low-wage contract, it is a training agreement. Where the current Social democrat Government has developed opportunities for this kind of agreements, today there is a financial support to companies in the form of a wage subsidy and financial support for the tutorial. It's government way to stimulate the use of VI-employment for

some young people, long-term unemployed people and new arrivals. But then politics is changing, we want to see an agreement that is sustainable even without State aid.

We have educational partnerships with municipalities and employers by, among other things, TeknikCollege (TC) and other regional and local initiatives. In addition, IF Metall has a validation tool, developed jointly with employer organizations in industry, it can be used to identify competencies. In addition to this, the IF Metall skills Bank (Kompetensbanken), which is a database where unemployed members can post a description of their skills, and where employers can search on these competencies/skills.

4. Adaptation

We have not yet compiled what our needs are, but we think they are, in part, differ from those industries that now use similar solutions. The audience we have imagined are unemployed young people who we believe, to begin with, can cope with something simpler. They have the right training courses but not full score, or originating from a different educational background, but is deemed to have an interest and ability to learn. The definitive profile of applicants and the professions in question must be presented together with the companies.

We will compile the information and conditions and tools available and communicate to local trade clubs to adopt a position and customize for their operations. They are free not to take up the issue with the company.

Focus groups

We see that there are three main groups that we could turn to, young people who went to TC or the equivalent, those who have gone to the industrial education and other (e.g. the long-term unemployed). With the other, we mean those that have not been clearly educated or trained in another area and need complementarity in order to work in the industry. The goal of VI-employment is that the individual receives a fixed-term employment requiring that the young people supplement and/or validate their knowledge in practical and theoretical areas (industrial technology Base).

Companies in the aerospace industry is particularly appropriate because it already produced finished structures to educate in their own quality system in welding/brazing, calibration, mechanical expertise, management and manufacturing, etc., especially given that there is no need for major prerequisites to be able to start working, much learning in the workplace. Saab and GKN have their own schools, GKNs is linked to TC.

The Labor Office needs to identify the individuals' knowledge on the basis of the entry requirements that local parties agreed on, before the individual becomes the subject of a Vocational introduction employment. Today, TC offers training for the person that are going to supervise the Vocational introduction. The supervisor needs to have a supervisor training that follows a minimum level, gives the ability to see if a person is suitable for the work.

5. Interest

We are not sure if the employer are interested, but according to us, there is a shortage of employees in certain occupational groups and that it may become even more difficult in the near future. In General, the companies have, at present, is usually not difficult to find workers. But the current procedure also leads us to cannibalize at other companies and we find it difficult to retain key people. The interest among our colleagues is also pretty cool. There is concern that with the agreement lowers wages within the Group.

The negotiations and the final requirements of the agreement will be local to each company.

6. Develop/Collaborate

If there is a possibility, we would like to collaborate with other companies in which have the same needs on finding good training solutions. Cooperation with society and training providers may ultimately be necessary.

Profit

Our merit is that we get the opportunity to make demands on the educational level, that we can avoid agency labor, that we will have a greater impact on employment. For members, it means that she/he gets a job and an education that provides major opportunities for further employment or increased employability.

The company is hiring at a lower cost and they get a bigger group to find employees. It can mean a more loyal workforce and we can better find a category we might otherwise miss. Skilled workers who will be happy to work with their hands and doesn't have the ambition to, for the time being, do other things. If there is an acute shortage of workers then the employers should be interest. We now for certain that there are problems with the matching on the Swedish labor market.

Potential for improvement

From the IF Metall we see that we should have coordinate ourselves with the white-collar unions, something we must take with us in future projects. Most of the sister organizations in Europe organizes both groups and thus has a broader representation and broader mandate.

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