Germany: Siemens to cut another 4,200 jobs

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Last week, Siemens announced the reduction of a further 4,200 jobs in its IT division SIS (Siemens IT Solutions and Services), 2,000 of them in Germany. This comes just weeks after the decision to eliminate 2,000 jobs in its industrial division, announced in late January.

Globally, SIS currently employs 35,000, about 9,700 in Germany. The 2,000 jobs to be axed in Germany mainly involve sites in Munich, Nuremberg, Fürth, Erlangen and Paderborn, as well as Berlin and, to a lesser extent, almost all regional offices.

Four hundred jobs are to go at SIS in Nuremberg, Fürth and Erlangen, in a region that has already been hit hard by the insolvency of the Quelle mail order company last year and by recent job losses at Siemens's industrial division.

The Siemens management want to spin off SIS by October of this year into a separate company. Of 9,700 current employees, only about 7,500 would move into the new company. About 2,000 jobs are to be eliminated as quickly as possible. The job cuts will affect employees in sales, administration and operations, as well as consultants and programmers.

Those who transfer to the new company face lower pay rates and worse conditions. Chief Financial Officer Joe Kaeser said, "The new firm is a consulting company, and has different standards of compensation."

Siemens workers in other countries face similar attacks. The newly formed company will then be sold off or launched on the stock exchange.

The job cuts will be pushed through via so-called voluntary measures, but Personnel Director Siegfried Russwurm was unable to rule out compulsory redundancies.

In recent years, the IT division at Siemens has been subject to constant change and restructuring. After initially being spun off as a standalone enterprise, it was then re-incorporated back into the group a few years ago by Klaus Kleinfeld , the predecessor to Siemens CEO Peter Löscher. In the past two years, turnover dropped from €5.4 billion to €4.7 billion; profits decreased to €90 million.

Since the division has not reached the sales and profit levels laid down by the company board last year, and the planned sale to Deutsche Telekom failed to come about, Siemens says the division now needs to be shrunk, and spun off again. Bankruptcy cannot be ruled out, especially considering the fate of workers at the former Siemens mobile phone company, which was closed down one year after it was sold off to BenQ.

The job cuts in Siemens's industrial division announced in late January mainly concern the engine manufacturing plant in Bad Neustadt an der Saale. Here, the 2,000-strong workforce is to shed 840 jobs and part of the production moved to the Mohelnice engine plant in the Czech Republic. Another 300 jobs are affected in this area in Erlangen, where up to now the electronics for the motors were manufactured.

Bad Neustadt has already seen several protests by Siemens workers fighting to keep their jobs. Often, whole families are employed at Siemens. The planned cuts at Siemens will affect at least twice as many jobs at suppliers and service companies, and there are few alternative jobs in the region.

A further 850 posts will be cut from Siemens Industry Solutions. This involves posts that are scattered throughout Germany and relate to sites that manufacture equipment for the steel, cement and paper industries, all of which are strongly affected by the global economic crisis. Short-time working, which has already been implemented for a long time in many areas, is no longer sufficient, according to one board member.

Workers are particularly outraged over the announced job cuts, since Siemens recently reported its figures for the first quarter of fiscal year 2009/2010 (October 1 to December 31, 2009), announcing a profit increase of nearly 25 percent over the previous year to €1.5 billion, even against a decline in sales by 8 percent. The profit increase was achieved mainly through savings in personnel costs, through job cuts and reduced working hours, which are set to continue.

In the last year alone, Siemens has cut 20,000 jobs, 3,000 of them in Germany. Since Peter Löscher became CEO in 2007, the workforce at Siemens worldwide has shrunk by 45,000.

In reward for his ruthless actions against employees, Löscher received more than €7 million in 2009 (excluding pension provisions), making him one of the best-paid executives of a DAX-listed company. IG Metall union leader Berthold Huber, who is also vice chair of the supervisory board at Siemens, was rewarded for services rendered to the state and big business with a party for his 60th birthday in the federal chancellery.

The role of IG Metall and the works councils

As with previous groupwide savings programmes and job cuts at Siemens, the IG Metall and the works council representatives are feigning outrage over the new plans to reduce staff and are calling for resistance. Lothar Adler, the central works council chair, who also sits on the Siemens supervisory board, and Dieter Scheitor, the main IG Metall representative for Siemens and also a member of the supervisory board, said of the announced job cuts at SIS, "We reject the proposed plan," adding that it contained no viable, economic approach.

In Munich, where 3,500 Siemens employees work at SIS, IG Metall representative Michael Leppek called the plans "a slap in the face of the workforce, which had made concessions in order to secure their jobs at Siemens. The worst part is there is no concept for SIS."

Already in recent months, IG Metall has organised some protests at SIS, so-called Monday walks, where a group of employees walk around the Siemens offices with whistles and banners. This week, another public protest was planned in Munich and at other locations such as Berlin. The protest action in Munich has been restricted to the lunch break from noon to 1 p.m.

Without the close collaboration of IG Metall and its officials in the factories, the company would not have been able to eliminate tens of thousands of jobs in recent years. The union and works councils do everything in their power to prevent labour disputes, or if that fails, to organise some fruitless protest, then help to implement the attacks working together with management.

The newly announced job cuts at Siemens follow a savings programme that was agreed between management, IG Metall and the works council in the summer of 2008, before the outbreak of the economic crisis, and through which some 17,000 jobs were eliminated, mainly in sales and administration.

At that time, a protest action announced by IG Metall was cancelled at short notice after management agreed to forgo compulsory redundancies. This meant that a large part of the jobs were eliminated through the use of early retirement and other "voluntary" measures.

There can be no doubt that the new attacks on Siemens workers will be upheld and enforced by the trade unions and works councils with the justifications that this rationalisation means the remaining jobs would then be "secure" and "competitive."