

German trade union functions as management consultant at BMW

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In early July BMW management and the company works council suddenly announced that the automaker plans to halve its number of temporary workers in Germany from the current level of 12,000 to 6,000. Thousands of workers could soon expect a permanent position, went the announcement, and the proportion of temporary workers in the workforce would fall from the current 17 percent to between 8 and 10 percent.

The basis for such a move is a “new concept” developed by the works council and BMW management after months of consultation. It has yet to be approved by the executive, but agreement in the coming weeks is regarded as highly likely. Employees are to be informed of the proposal at a company meeting in Munich on July 18.

The message spread through the media like wildfire. “BMW is undertaking a rethink”, was the headline in the *Münchner Merkur*. “BMW turns its back on temporary work”, wrote *Business Week*, while the *Managermagazin* predicted: “The importance of temporary work is declining”.

BMW’s works council head Manfred Schoch was downright euphoric in *Managermagazin*. “In six months you will see that we have created a great model”. The Bavarian IG Metall union leader Jürgen Wechsler went further and announced to the press in Munich that wage dumping based on temporary work agencies would cease due to “a return to relying on one’s own personnel.”

A closer look at the agreements reveals a very different picture.

The employment of the 6,000 temporary workers at BMW will continue for an indefinite period of time. Although they are to receive the same basic wage as their permanent colleagues, they have no entitlement to the company profit-sharing scheme (worth €7,000-€8,000 per year), no right to a company pension plan or favourable terms for a company car and have no protection against dismissal. In addition, the employment of additional temporary workers can be continued by the company until the year 2018. The only condition is that union stewards at the affected plants agree to the plan.

The following conditions have been laid down for the temporary workers allocated future permanent posts: they are to accumulate so-called work time accounts of up to 300 work hours. With a slump in demand, production will be cut back by plant holidays, four-day weeks, reduced hours or free time with corresponding pay reductions.

For their part, the retained temporary workers are expected to remain at the production line when other full-time employees take a break or leave. Based on a half-hour break for two shifts, the company is able to gain a total of an extra five hours per week, sufficient in a BMW plant to produce an extra additional 15,000 units per year. Through replacing permanent workers during holiday periods, the proportion of temporary contract workers can then be increased to more than 30 percent. This represents a doubling of the existing number of contract workers. So much for the talk of halving their numbers!

No matter how you twist and turn the details that have become public from the talks between

management and the works councils, they reveal that the “new concept” has nothing to do with any improvement of working conditions, but rather is intended to increase operational efficiency at the expense of workers.

This is acknowledged in a brazen fashion by the head of the joint works council Manfred Schoch speaking to *Managermagazin*. “Both sides, union and company had the same goal from the beginning”, he says. “We wanted to find a model with which we can survive long-term severe crises, without having to reduce staff on a large scale and going deeply into red.”

By “we” he means the united front of trade union, works council and management, which, behind closed doors, has evolved over the past few months into a close-knit community. *Managermagazin* writes: “Because the model is due to last until 2018, Schoch had to be initiated into the corporate strategy. Four departments—corporate planning, research and development, human resources and controlling—provided data on models and their life spans, on possible economic crises and the human resource requirements of individual works. For weeks, managers and the works councils pored over the records.”

This description sums up the role of the union. Schoch sits at a table with management and considers how the profits of the BMW group can be increased at the expense of the workforce. To this end, he is prepared to accept a “temporary increase in the number of temporary workers”, as well as the slashing of “several hundred jobs by the end of 2018” and estimates that the company could reduce personnel costs by a total of €1.4 billion over the next six years by increasing “in-house flexibility.”

Schoch goes even further. “I do not totally reject temporary employment. It is necessary to ensure that the group can respond flexibly to crises and adjust production without excessive costs under conditions of reduced demand”, he says. When asked how even further savings can be made at BMW, he goes one better and proposes: We “could sacrifice a proportion of the holiday and free shifts. A day’s holiday a year

per month amounts to twelve days less production in a year. We would use a significant portion of our holidays to save jobs. Second, there also remains the most important instrument used in the last crisis. Short-time working.”

This clear statement should serve as a warning and clearly reveals the double game the German unions and works councils are preparing to play in the next crisis. While they hypocritically claim to represent the interests of employees and publicly refer to the difficult economic situation, behind closed doors they operate as management consultants ready at any given time to impose temporary or short-time working, layoffs, pay and vacation cuts against staff.



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