

Germany: Union agrees to flexible working at BMW

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The IG Metall union and works council at BMW have agreed to flexible working on a scale never before seen for the 70,000 workers at the company's six German plants. In return, the company has said it will hire 3,000 workers, mainly from among the existing agency workers.

Last year, BMW sold 1.67 million cars worldwide, achieving record profits of €4.9 million. This year has also been a success, so far. However, the signs are growing that this could soon be over for BMW. To prepare for this, the union, works council and management have been working out the current deal for months behind closed doors.

BMW has proved highly profitable, not least because of the high number of agency workers. BMW employs twice as many agency workers as other German auto manufacturers. At some plants, the percentage of agency workers is 20 percent of the core workforce; in Leipzig, it runs as high as 30 percent. Under the current agreement, the average number of agency workers would apparently be reduced to 8 percent.

BMW, IG Metall, the works council and the media all talk of this being a great success. The *Frankfurter Rundschau* talked about a "win-win situation". Both sides, the workers and the company, would profit from the new agreement, they said. "The auto manufacturer BMW is a good example that an employer, even in crisis and boom times, can be flexible", ran IG Metall's praise in a press release.

In reality, in collaboration with the management, IG Metall and the works council have used the massive deployment of agency staff at BMW to undermine the conditions of the permanent workforce. With the new agreement, regular working hours, free weekends and fixed vacations are finally over. Round the clock and throughout the year, the company can call on workers

to work at the factory or send them home, depending on the needs of production.

If BMW's sales of autos fall, the company can place workers on leave a day at a time. The missing time is deducted from their annualised hours contract. This means when production is running at full tilt, the workforce must work even longer hours. Going from a two- to three-shift system is then done without employing any additional labour. Extra shifts at weekends can also be enforced. This adds time to the annualised hours contract.

The profit-sharing scheme, which was relatively high this year, averaging €8,000, is no longer paid out in cash, but is recalculated into overtime and credited to the annualised hours contract.

If following a period of enforced leave, a worker's annualised hours contract no longer contains any overtime, then workers can be forced to take further leave in order to restrict production or even to halt it for a time—up to 15 days a year. This means workers are no longer able to decide freely when to use their holiday entitlement, which is particularly problematic for those with children. Should all these measures still not suffice, the works council can agree to short-time working, and, as already indicated, is willing to do so.

In return, a further 3,000 permanent workers will be hired by the end of 2013, with a corresponding reduction in the number of agency workers. BMW has said that not all the new hires will come from the ranks of the agency workers.

In the summer, BMW and the works council boasted that up to 6,000 agency workers would be given permanent jobs. The number of agency workers would be halved, they said. The head of the company-wide works council, Manfred Schoch, said in *Managermagazin* at the time, "In six months' time you

will see what a great model we have created”.

Even at that time, however, a closer look at the conditions of the newly hired workers produced a different picture from the one presented by the works council and IG Metall.

For example, new hires have no right to join the company pension scheme, or to buy a BMW car at a discounted price each year. Agency workers have received the same pay as their permanently employed colleagues for about the last four years. By employing them on a permanent basis, BMW no longer has to pay the charges to the agency. Moreover, the company can choose what it considers to be the best out of the 11,000 agency workers it currently utilises. Whether the 3,000 new hires actually increase the size of the workforce or are balanced out through the usual attrition remains to be seen.

Neither does the current agreement exclude BMW from hiring additional agency workers. They can be utilised even more flexibly than the permanent workforce. In future, they will have to stay on the production line when other employees have a break or take their holidays. With a half-hour break in every shift, this adds up to five hours a week, enabling BMW to produce an additional 15,000 cars a year at a single plant. Through their targeted use during holiday periods, the proportion of agency workers could even rise from the 17 percent at present to over 30 percent.

Moreover, BMW’s “abandonment” of using agency workers will be counterbalanced by an increased use of service contracts. At BMW in Leipzig alone, some 30 percent of the workforce are employed on service contracts. These 1,500 workers do not count as part of the permanent workforce or to the 1,100 agency staff. Entire departments at the plant are staffed by those who are officially subcontractors with service contracts, even though many work on the production line.

For example, BMW places orders using service contracts to the firm Rudolph Automotive Logistik. Its employees earn some €900 less per month than their colleagues at BMW. If in the past there was a two-class system of permanent staff and agency workers, through the use of service contracts this has become a three-class system.

Only IG Metall, the works council and the company can speak about a win-win situation, not the workers. The new agreement increases productivity at the

expense of the workforce.

The works council has made no secret about this. In the summer, works council head Schoch was quoted in *Managemazin*, saying, “Both side, works council and employers, had the same aim from the start.” The union, works council and management “wanted to find a model with which serious crises could be survived in the long-term, without the need for large reductions in personnel and making large losses.”

In the coming crises, this “band of brothers”—the union, works council and management—will impose all the attacks regarded as necessary by BMW against the workforce. The works council and union function as co-managers, and even try to sell the attacks to the workforce as a “success”.



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