German firm Siemens to eliminate a further 11,600 jobs

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3 June 2014

Within the framework of its company restructuring plan adopted at the beginning of May, the German-based multinational Siemens intends to eliminate at least 11,600 jobs. The announcement was made by Chief Executive Joe Kaeser last Thursday evening at an investors' conference in New York.

In four sectors—energy, industry, medical technology, and infrastructure and cities—7,600 administrative jobs are to go. These are located predominantly in Germany, many of them in Erlangen and the surrounding area. A further 4,000 jobs will be cut abroad in the so-called clusters, which until now had organised the business abroad.

Kaeser announced a complete reorganisation of Siemens at the beginning of May. His predecessor, Peter Löscher, divided the company into four sectors after the 2006-2007 corruption scandal to make it more transparent and provide firmer leadership. The four sectors are now to be dismantled for virtually the same reasons.

The levels of hierarchy between the board and divisions are to be eliminated as a result. At the same time, current divisions are to be reduced from 16 to 9, and staffing and administrative tasks brought together. In this way, Kaeser intends to save a billion euros by autumn 2016.

Kaeser called his strategy "Siemens Vision 2020." The concern was to make the company more "flexible" and "slimmer," in order to achieve higher rates of return.

Along with job cuts, Siemens intends to sell parts of the business considered by the board not to be part of Siemens's core operations. Through the sale of a majority in steel manufacturer Vai to Mitsubishi, and the floating of its hearing aid business on the stock market, a total of 12,000 Siemens workers will be outsourced and no longer employed by the company.

In the medium term, there are plans to run the health care sector independently, with 51,000 workers and a turnover of €13.6 billion, and launch it on the stock market. After several restructuring programmes, the health care sector is very profitable. But Siemens does not plan to finance further investment, such as in the area of molecular biology, which is essential for further development.

Thousands more jobs could be threatened by the plan to take over the energy operation of French concern Alstom. Siemens is currently competing with US rival firm General Electric over the purchase.

In exchange, Siemens offered Alstom its traffic technology division, which produces the ICE inter-city trains. These would then be built by the French concern, which produces the rival TGV model.

Kaeser is following on from the savings and restructuring programmes of recent years with the elimination of 11,600 administrative jobs. In the six years during which his predecessor Löscher led the concern, the total number of employees dropped from 475,000 to 370,000. The layoffs were carried out through savings and cost-cutting programmes, as well as the sale of entire divisions and departments. In March of this year, Siemens employed 359,000 workers, 117,000 of them in Germany.

In 2008, Löscher announced a restructuring programme that cost over 17,000 jobs worldwide in operational and administrative areas. Löscher said at the time that there was a "ballast" in the company "to be disposed of." This referred to layers of lower and middle management, employees, heads of divisions and advisers.

In the autumn of 2012, Löscher announced a further restructuring programme, Siemens 2014, linked to a 12 percent targeted rate of return for shareholders. This resulted in 15,000 jobs lost. But the profit goal could not be achieved due to "lower market expectations"—i.e., the impact of the global economic and financial crisis.

This played a significant role in the internal power struggle within company management, which led to the replacement of Löscher by Kaeser at the end of last July. The change in leadership was supported by representatives of the IG Metall trade union and works council on the board of management.

They claimed that, with Kaeser, "calm in the company" would return, and that technology and the workforece would be at the heart of things rather than the profit margin.

With the restructuring programme now announced, Kaeser has made clear that he is just as committed to the rate of return for investors as his predecessor, and is prepared to impose the necessary measures ruthlessly against the workforce. In the process, he can be sure, like his predecessor, of the support and reliable collaboration of IG Metall and the works council.

Already when Kaeser announced the restructuring plan at the beginning of May without any reference to figures, IG Metall indicated its support. They were prepared in principle for talks on the plans, "if as a result the firm reduces superfluous complexity and provides once again a unified external image in the future," stated Bavarian regional head of IG Metall Jürgen Wechsler, according to *Spiegel Online* .

Then on May 26, an article in the business magazine *Wirtschaftswoche* cited the figure of 10,000 jobs at risk. In the article headlined, "At Siemens, job cuts follow job cuts," it stated that the Erlangen facility would be hit particularly hard.

Siemens employs 25,000 workers in Erlangen, and a further 20,000 in the region, mainly in Nuremberg and Furth. The industrial, energy and medical technology businesses are currently led from Erlangen. From August, the energy operation is to be managed from the US and the representative on the board of management responsible for energy, Michael Süß, replaced by Shell manager Lisa Davis. *Wirtschaftswoche* also reported that "talks over the coming job cuts have already begun between company management and employee representatives. Siemens did not wish to comment when asked about the details."

Although IG Metall and the works council have been negotiating over the job cuts for some time, they responded to Kaeser's announcement in New York in a manner now well known. They declared their shock and anger, and dishonestly claimed that they had not been informed about the extent of the planned job cuts. In fact, they are attempting to maintain the uncertainty among the workforce for as long as possible, in order to jointly impose the layoffs with management with as little opposition as possible.

The day of action at Siemens, which IG Metall called on May 23, was part of this strategy. It served to let off steam and smother all genuine opposition. The centrepiece was the nationalist slogan for a "strategy for Germany." The motto characteristic of Kaeser, "OneSiemens," served as a slogan and was supplemented with the words "but with everyone."

Although IG Metall had called nationwide protests, it barely mobilised its members. In Krefeld, where high-speed ICE trains are built, around 1,500 participants came to the protest rally, with 1,200 in Erlangen, 900 in Munich, and 100 in Berlin. According to a report in *Tagesspiegel*, the action in Berlin lasted just a quarter of an hour. At other locations, there was merely symbolic action or none at all.

In Krefeld, the new chair of the Siemens central works council, Birgit Steinborn, spoke. She said that the new orientation could not only "contain a further programme for laying off staff as its central goal," while also noting that the competition from China was always increasing. The plant in Krefeld was capable of being successful in the competition, she stated, and promoted a leaner and less bureaucratic structure for the firm.

Steinborn declared that if Siemens sold the rail business to Alstom, she would campaign for a plant and jobs guarantee in Germany from Siemens and Alstom.

According to a report from the *Rheinische Post* at the end of May, the Krefeld works council is hoping that the cooperation with Alstom does not come about, while Ralf Claessen of IG Metall Krefeld saw opportunities in collaborating with Alstom in train production. "If the information concerning plant and job guarantees are correct, a European concern could emerge which would compete against rivals from across the water and the Middle East," he said.

IG Metall and the works council regard themselves as co-managers. They do not defend jobs and the rights of workers at Siemens, but rather the company's competitiveness and profits, as well as their own comfortable posts and privileges.