



Creative ways in which jobs have been saved in company redundancy situations

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This section lists four different case studies where trade unions worked creatively with employees to save jobs when employers planned redundancies.

Click on the linked points below to find out more information:

1. Shorter working time arrangements

A) UK: Airbus, 2002

The situation:

The Airbus plant in Broughton, North Wales, employs 6,000 workers, more than 5,000 of them members of the site union. Following the attack on the Twin Towers on 11 September



2001, the entire airline industry experienced a shock. Several airline manufacturers went bankrupt as people turned from flying. Members at the plant feared redundancies.

What was done to avoid redundancies:

The union Unite entered negotiations with management and agreed to:

- Cancel an agreed 4% pay award in exchange for a 35-hour working week, down from a 37-hour week.
- The company also put a pause on overtime in 2002/2003, and if workers did work overtime, they were given time off in lieu (TOIL) rather than added wages.

The outcome:

The reduction in hours is estimated to have saved a couple of hundred jobs at the plant, and with pay maintained the hourly wage increased by around 5%. Levels of overtime were not affected by the shorter hours working.

The transitional period towards shorter hours posed some difficulties initially in balancing tasks with the new shifts. Effort had to be put in to find different ways of working considering site maintenance measures however this agreement still stands today.

Example taken from:

https://neweconomics.org/uploads/files/Making_Up_for_Lost_Time.pdf

B) Germany: Volkswagen, 1993

The situation:

The German works council of Volkswagen had to address over-capacity problems in the company. One third of the 100,000 jobs were at risk of redundancy.

What was done to avoid redundancies:

To prevent this, the IG Metall union agreed with management that instead of redundancies:

- The working week would be reduced from 36 to 28.8 hours per week.
- The reduction in working hours did come with a serious reduction in employees' earnings and higher workload. However, it was negotiated that monthly wages would stay stable. Hourly wages increased by one-percent and there were adjustments to holiday pay and bonuses.

The outcome:

Volkswagen wages were much higher than the average and so a partial wage reduction was easier for employees to take than the average German worker.

The company was also very averse to laying off workers given their skill sets were hard to replace. The agreement lasted until 1999.



Example taken from:

<http://autonomy.work/wp-content/uploads/2019/03/Shorter-working-week-docV6.pdf>

C) France: Renault, 2008

The situation:

In September 2008 Renault management presented a redundancy plan involving 4,000 jobs in France, with 1,000 jobs to be cut in one factory. The announcement came at a surprise given the company's ambitious growth plan announced two years earlier.

What was done to avoid redundancies:

An agreement to manage the crisis was signed between Renault's management and four union organizations – CFDT, CFTC, CFE-CGC, and Force Ouvrière. This involved:

- A salary guarantee for all workers at net pay during 'partial unemployment' (a legal mechanism for short-hours working in France) for 7 months.
- Wages to be financed by a solidarity fund based on tripartite contributions from the company, the French Government and a deduction of 0.15 per cent from all salaries.

The outcome:

The agreement has allowed important cost savings for the company, due to a reduction in fixed costs (electricity, heating, etc.), and social contributions. However, a major union in the sector, the CGT, did not sign the agreement, arguing that the company could afford to make a larger contribution to financing partial unemployment.

Example taken from:

https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---dialogue/documents/publication/wcms_158362.pdf

2. Collective vacations, early retirements and redeployment of staff to other areas

A) Brazil: Mercedes-Benz, Ford and Volkswagen, 2008

The situation:

The Brazilian automotive assembly and component industry created jobs until September 2008. The crisis, from late 2008, the Brazilian automotive assembly industry was hit by a reduced export market and a drop in domestic sales due to low consumer confidence.

Against this background, several collective bargaining agreements signed by companies with works councils and/or union committees at Brazilian plants of Mercedes Benz, Ford and



Volkswagen succeeded in reducing the number of retrenchments.

What was done to avoid redundancies:

At Mercedes-Benz: Created a bank of hours (TOIL), established a practice of collective vacation with paid leave (mainly for fixed-term workers) and offered incentives for voluntary retirement.

Workers were also redeployed from the hard-hit buses/trucks division to the cars division, which was less affected by the crisis.

At Ford: Also established a bank of hours and workers gave up Christmas bonuses.

At Volkswagen: Collective vacation for one month, as the factory was less affected.

The outcome:

At Mercedes-Benz: 1,300 workers took early retirement and no dismissals of fixed-term staff took place.

At Ford: While the agreement could not prevent 163 dismissals, 200 fixed-term jobs were saved and there were 144 early retirements.

At Volkswagen: Factory returned to almost normal production by January 2009 with no dismissals of fixed-term workers.

Example taken from:

https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---dialogue/documents/publication/wcms_158362.pdf

3. Freeze on shareholder payments and other 'top-down first' ways to boost the company's financial situation

A) UK: WPP Advertising and Covid19, March 2020

The situation:

WPP plc is a global advertising holding company headquartered in London, employing over 100,000 people across its different agencies.

The Covid19 crisis has forced WPP's clients to slash the money they spend on advertising in response to the economic slowdown.

What was done to avoid redundancies:

The company has tried to avoid as many of its agencies from laying off workers as possible by implementing cost cutting measures from the 'top-down' – targeting executive and senior staff costs and benefits first.



This involved:

- Suspending a £950 million share buyback
- Suspending the 2019 final shareholder dividend of 37.3 pence per share. (the company believes these two actions together will preserve approximately £1.1 billion of cash)
- Top executives accepting a 20% pay cut for an initial period of three months. - Encouraging agencies to take tiered salary cuts with biggest earners shouldering the most cuts
- Freezing new hires
- Reviewing costs spent on freelance work
- Stopping discretionary costs for external engagements e.g. travel and hotels and the costs of award shows
- Postponing planned salary increases for 2020

The outcome:

WPP expect these measures to save £700 - 800 million in 2020.

Example taken from:

<https://www.wpp.com/news/2020/03/update-re-covid-19>

And

<https://www.businessinsider.com/wpp-agencies-cut-pay-by-20-percent-pandemic-effects-continue-2020-4>

B) UK: Marshalls PLC, June 2020 (ongoing)

The situation:

Marshalls PLC, which employs 2000 people throughout the UK, is a landscaping products manufacturer and operates quarries and other sites.

The firm recently announced it will cut 400 jobs nationally with 95 job losses at its site in Falkirk.

What was done to avoid redundancies:

In response Unite has launched a campaign highlighting top-down cost-saving measures which could improve the viability of the plant post-COVID-19.

In particular the union have highlighted that the company directors awarded themselves inflated bonuses and enhanced remuneration packages in recent weeks despite using the government's Job Retention Scheme.

The union has also undertaken political campaigning on the issue, contacting local politicians and the Scottish Government for support to retain the jobs at the Falkirk site.

Example taken from:

<https://www.falkirkherald.co.uk/business/union-launches-campaign-save-almost-100-jobs-under-threat-falkirk-concrete-firm-2848790>



C) France: Unions call for companies to show covid19 civic duty and solidarity by scrapping of shareholder dividend payments, 2020

French trade unions ramped up calls on Wednesday for large companies to scrap shareholder dividend payments to conserve cash and show solidarity with workers during the coronavirus crisis.

Companies worldwide have come under pressure to review dividend payouts as the crisis hits the global economy. Airbus and Boeing have scrapped their 2019 dividends.

"It would be neither reasonable nor responsible for companies to pay dividends to their shareholders as if nothing were happening," France's leading CFDT union said.

Example from:

<https://uk.finance.yahoo.com/news/unions-call-french-firms-ditch-155705423.html>

4. Repurpose what the company produces towards goods that are more in demand or 'socially useful'

A) Combining lessons from The Lucas Plan and companies switching to PPE manufacturing during Covid19

"If existing production patterns cannot guarantee jobs, then it is not surprising that workers will begin to consider alternative possibilities, particularly if at the same time they can see many social needs that are not being met and which their skills could be used to satisfy."

<https://digital.library.lse.ac.uk/objects/lse:baq928jod>

Perhaps the most creative of all options included in this report, this alternative to redundancies has been left until last because different principles of it have been applied to redundancy cases some with more success than others.

The situation:

Shop stewards at Lucas Aerospace presented an alternative plan to redundancies in 1976 by outlining what other products they could make with the skills and machinery in their factories. It was seen as a radical but workable alternative, but ultimately wasn't accepted due to a lack of will to diversify production.

However in 2020 we have seen Covid-19 manufacturers completely converting their production to keep the business going and saving lives, from gin distilleries making hand sanitiser to plastic sales product manufacturers making visors to deal with the NHS's



shortage in Personal Protective Equipment. If businesses can come up with innovative ways to keep production going why can't workers too?

So it may be an alternative worth revisiting when a company is so at risk of collapse that negotiating reduction of labour costs is not enough, and campaigning for the government to intervene to keep the industry going has proved unsuccessful.

What was done to avoid redundancies:

In 1976 the Lucas Aerospace Combine Shop Stewards Committee produced an Alternative Corporate Plan advocating the production of social useful products in response to management announcing the need to cut jobs.

They approached outside organisations for suggestions but after receiving only a few replies they circulated questionnaires to the workforce requesting product suggestions which answered a social need and could be produced using the workforce's existing skills and plant technology.

Emphasis was also placed on making sure that workers were not to be deskilled in the process of producing them.

150 product ideas were put forward by the workforce which fell into six categories: medical equipment, transport vehicles, improved braking systems, energy conservation, oceanics, and telechiric machines.

These included kidney dialysis machines which were badly needed in the health service at the time, numerous machinery for energy creation such as heat pumps, solar cell technology, wind turbines and fuel cell technology. And in transport power packs motor and road-rail vehicles.

The outcome:

The proposals were in the end rejected by management who didn't want to diversify from aerospace work despite it being in decline. Nonetheless the shop stewards and members' effort in coming up with this alternative gave them hope and dignity in an otherwise dire situation.

Manufacturing has changed a lot since the 1970s but with the right lessons taken from the Lucas plan and the more recent examples of employers repurposing their production to help the NHS and keep their own businesses afloat, this could be the only alternative to the loss of our members' jobs, and it could be a successful one given the right circumstances.

Example taken from:

<http://lucasplan.org.uk/story-of-the-lucas-plan/>

