



## **Case study summary sheet : GE Energy Products**

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The GE Energy Products Essen site, which employs 320 staff, is part of the European production system of the American conglomerate in the business of energy production equipment (gas turbines for electricity power stations). The European executive of this branch is located in France (Belfort, where the group employs more than 1,900 employees). The Essen site was originally the group's industrial and commercial correspondent with Eastern Europe. The workforce is characterised by being well qualified and with high union membership, like many traditional metallurgy sectors in Germany. On a difficult and cyclical market - investments of large electricity producers – the American giant decided to rationalise its European industrial operations by means of the project (with the evocative name), SLIM. It also had the aim to repatriate some industrial business to the USA on large turbines, in part to compensate the difficulties on the American market, putting in doubt around 3,000 jobs in the sector. The SLIM plan was officially announced in January 2001 during an institutional meeting between the workforce and the management of the site. In reality, the plan led to the announcement of the end of industrial activities of production on the site and future quasi closure. 300 jobs were affected by the restructuring. Officially the forthcoming closure of the site was not announced in 2001, but during the course of 2002, an indiscretion coming from France confirms this.

GE staff representatives were in effect presented with a fait accompli by the group's executive, which was not seeking a priori a cooperative framework to the management of restructuring operations. It proved very difficult in these circumstances, despite the possibilities offered by German regulation concerning restructuring, for staff representatives to propose alternatives... The short time scale between the announcement of restructuring and the operation's completion leading to a quasi closure of the site – January 2001 summer 2002 – did not give staff representatives the possibility to influence proceedings.

At the end of the day, the result was harsh with more than 300 job losses, 75% of the affected staff left without having found new jobs. We can, therefore, think that this restructuring was badly managed. For sure, IG Metall, due to its position of strength in the company, imposed high compensation payments to be paid to the laid-off employees. However, the union used this bruising experience to inform its members about the conditions to bring together to confront, in the best conditions, restructuring operations, carried out by large groups (Anglo-Saxon). Workshops were organised to this aim with consultants from other companies. This union initiative has led to the setting up of a local 'alarm system' with regards the management of restructuring procedures by staff representatives.