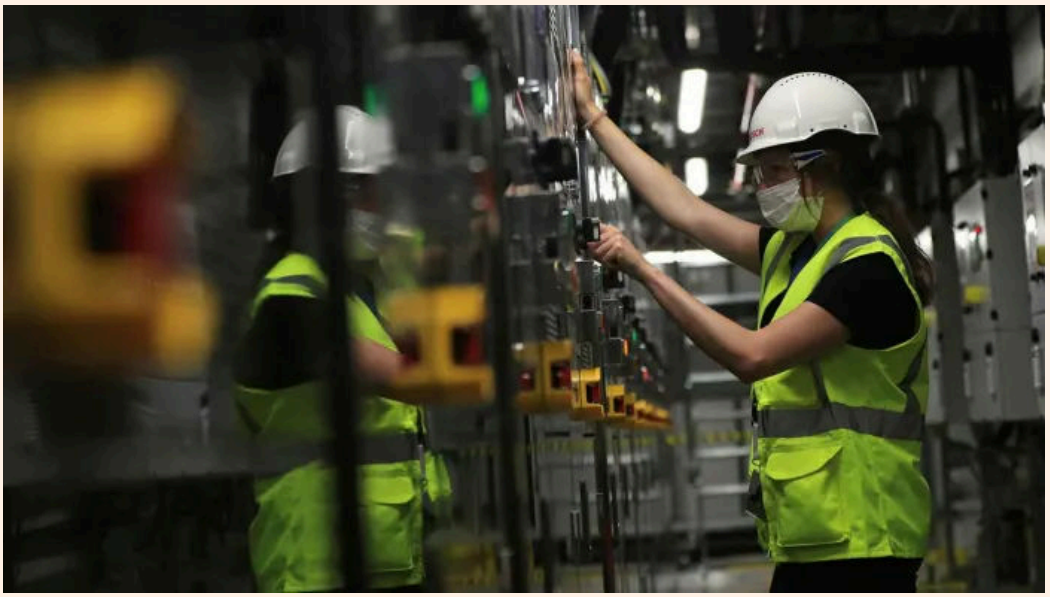
Robert Bosch GmbH

# Bosch to spend €2bn on reskilling workers as car industry shifts to electric

A European auto suppliers' association has warned 500,000 jobs could be lost under EU plans to decarbonise transport



Bosch, Europe's largest car parts supplier, has already cut hundreds of jobs as the end of the combustion engine draws closer © Krisztian Bocsi/Bloomberg

**Joe Miller** in Frankfurt FEBRUARY 9 2022

Europe's largest car parts supplier Bosch will spend a total of about €2bn on retraining some of its 400,000 staff to limit further job losses as the industry switches from combustion engines to electric technology.

The announcement by the German group comes after warnings that the EU's target of phasing out petrol and diesel cars by 2035 could lead to hundreds of thousands of roles being axed on the continent.

The privately owned company, among the EU's largest employers, has spent €1bn on programmes to reskill those working on legacy technologies over the past five years and plans to spend "a similar sum" over the next five years, its human resources chief Filiz Albrecht said.

The amount equals roughly €500 spent per employee per year. Staff working in non-auto departments are being offered courses on artificial intelligence and other software skills, the company said.

Bosch has been majority-owned by a charitable foundation since 1964, which spends the income from dividends on social causes.

Its shares are managed by a trust committed to "safeguarding the company's long-term existence", which has so far opted to maintain a high-cost German workforce, limiting job cuts in the country to a few hundred roles. The net number of employees in Germany has remained stable, as Bosch has also hired a slew of software and electronics experts.

However, European car suppliers have increasingly been raising the alarm about the consequences of a rapid shift to battery-powered cars.

Clepa, the European association of automotive suppliers, warned in December that 500,000 roles could be eliminated under EU plans for the decarbonisation of transport, unveiled last summer.

Bosch has also been a vocal critic of the EU's ambitions, with former longstanding boss Volkmar Denner urging the bloc last year to "urgently rethink" its proposals, in order to safeguard European jobs.

But his successor Stefan Hartung, who took over at the start of 2022, said the manufacturer now "supports these [EU] targets without any ifs and buts", and that Bosch would play its part in ensuring that electric cars were dominant in Europe by the deadline set by Brussels.

"That's the rule," he told journalists, referring to the EU's Green New Deal. "That's what has been passed, right? So we respect that.

"In concrete terms, this means working closely with policymakers to implement the Green Deal in our business in such a way that we not only retain as many jobs as possible, but also create new ones. To do this we need, above all, enough time."

Hartung's comments came as Bosch unveiled preliminary figures for 2021. Sales at the Stuttgart-based company rose 10 per cent to almost €79bn, exceeding internal forecasts and 2019 numbers before the pandemic. Operational earnings before interest and taxes came in at €3.2bn, and profit margins improved from 2.8 per cent to 4 per cent.

However, the profit margin remained lower than some of Bosch's publicly listed competitors, and well below the company's internal target of 7.5 per cent, highlighting the persistence of its relatively high cost base.

This includes a well-paid German workforce of more than 131,000, roughly half of whom work on automotive products.

In 2020 — the last full year of available figures — personnel expenses at the 135-year-old company amounted to almost €22.5bn, or almost €57,000 per Bosch employee worldwide.

Albrecht said Bosch had invested in training programmes for existing employees, "so that mechanical engineers have become software developers and skilled workers from combustion technology were reskilled to work in electric mobility".

The initiative coincides with an acute shortage of skilled labour in Germany and beyond. Earlier this month, eurozone businesses reported that worker shortages had reached their highest level since at least 1982.