



Year 12
Summer Transition Work

Business
Exam Board – AQA

Mr Bestwick
j.bestwick@becketonline.co.uk

Coronavirus: Rolls-Royce to cut 9,000 jobs amid virus crisis

BBC News, 20th May 2020

Rolls-Royce has said it will cut 9,000 jobs and warned it will take "several years" for the airline industry to recover from the coronavirus pandemic. The Derby-based firm, which makes engines, said the reduction of nearly a fifth of its workforce would mainly affect its civil aerospace division. "This is not a crisis of our making. But it is the crisis that we face and must deal with," boss Warren East said.



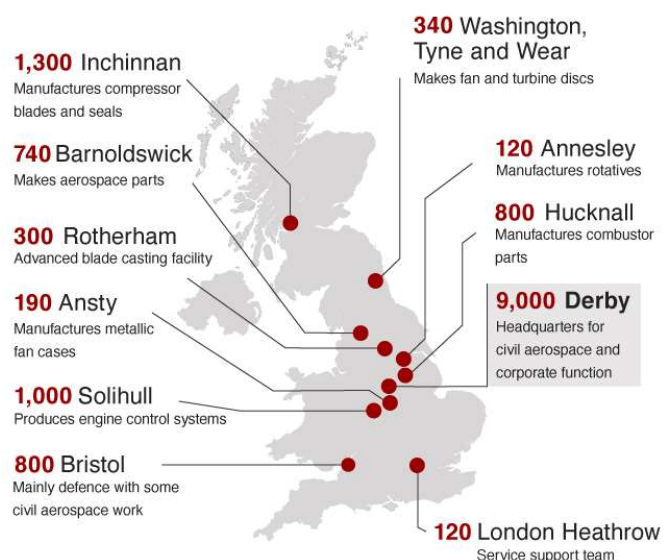
plane

The bulk of the job cuts are expected to be in the UK at its site in Derby. Rolls-Royce employs 52,000 people globally and Mr East told the BBC's Today programme that the company had not yet concluded on "exactly" where the job losses would be, due to having to consult with trade unions.

But he said: "It's fair to say that of our civil aerospace business approximately two-thirds of the total employees are in the UK at the moment and that's probably a good first proxy." Rolls-Royce's civil aerospace business has a number of sites in the UK, but the largest plant is in Derby. The company said it will also carry out a review of its sites but declined to comment on which ones may close.

John, a worker in Rolls-Royce's civil aerospace division who spoke to the BBC on condition of anonymity, said that while he expected there would be job cuts, the eventual 9,000 figure was "a shock".

Rolls-Royce civil aerospace employees



Source: Rolls-Royce

BBC

"Since the Covid-19 outbreak we knew that business would shrink," he said. But he said the scale of the cuts as well as the potential closure of some sites was a surprise. Unite the trade union said the decision was "shameful opportunism". "This company has accepted public money to furlough thousands of workers," said Unite's assistant general secretary for manufacturing, Steve Turner. "Unite and Britain's taxpayers deserve a more responsible approach to a national emergency. We call upon Rolls-Royce to step back from the brink and work with us on a better way through this crisis."

How will airlines get flying again?

Rolls-Royce initially furloughed 4,000 workers in the UK last month. Some 3,700 people remain on the Coronavirus Job Retention Scheme though which the government pays 80% of a worker's wage up to £2,500 a month. But Mr East said: "No government can extend things like furlough schemes for years into the future. We have to look after ourselves and make sure we meet medium term demand."

Source: <https://www.bbc.co.uk/news/business-52723107>

Tasks on the next page

Your name: _____

Answer the questions below in the space provided, once you have read the article on Rolls Royce.

Some questions will require you to undertake your own research. Provide your source of information at the end of your answer.

Q1 What is Business about as a subject?

Q2 Rolls Royce (RR) has announced 9,000 job cuts. What percentage is this of its global workforce? (show your working out)

Q3 Rolls Royce design and manufacture aeroplane engines (such as the Trent) <https://www.rolls-royce.com/products-and-services/civil-aerospace/airlines/power-of-trent.aspx> which are then sold to aeroplane manufacturer like Boeing. Why do you think the Coronavirus pandemic (and the subsequent actions of governments) would lead to Rolls Royce making 9000 workers redundant? Fully explain your answer.

Q4 Explain one reason why losing a job will have a negative impact on a Rolls Royce worker.

Q5 Explain why you think the UK government decided to agree to pay 80% of a worker's salary as part of its Coronavirus Job Retention Scheme (where workers are 'furloughed' by their employer). Your answer should refer to the impact on the UK businesses.

Q6 Do you agree with Rolls Royce's decision to lay off 9000 workers; or do you agree with Steve Turner of the Unite trade union? Fully justify your answer.