

# Volkswagen to reduce workforce as it chases profits

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Volkswagen is currently trying to reduce costs by 10 billion euros (\$10.8 billion).

Volkswagen said Wednesday it would cut its workforce over the coming years as the German auto giant seeks to boost its profitability and reboot a faltering shift to electric cars.

"Over the coming years, we will need to reduce our [workforce](#) in a socially responsible way," the group's human resources chief Gunnar Kilian said.

The focus would be on "partial retirement and early retirement schemes to the maximum extent possible," he added, in a statement issued after a meeting with employees in Wolfsburg, where the firm is headquartered.

He did not indicate how many roles would be affected at the 10-brand group, whose marques include Audi, Skoda and Seat.

But he said the aim was to reduce staff costs in areas outside production by about 20 percent.

He stressed this did not mean having 20 percent fewer people, and most savings would "come from process improvements and structural adjustments".

Volkswagen has some 675,800 employees worldwide.

The group announced in June a 10-billion-euro (\$10.8 billion) savings program to help increase profitability—its [profit margins](#) are currently languishing behind its long-term target of between nine and 11 percent.

The group is pouring tens of billions of euros into its pivot to [electric vehicles](#), but the sector has been blighted by a weak global economy and low levels of demand.

In addition, it is facing a serious challenge from homegrown rivals in China, one of its most important markets.

Like other manufacturers in Europe's biggest economy, it is also battling rising costs due to high inflation and elevated energy prices since the

outbreak of the Ukraine war.

On Wednesday, Thomas Schaefer, head of the Volkswagen brand, outlined measures that had already been decided upon to reduce costs.

These range from dropping a plan to build a new research and development center, to speeding up [product development](#).

In September, VW said it was cutting 269 temporary jobs at its flagship electric car plant in Zwickau.

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