

Resolution on “Offshoring”  
submitted by Michael L. Saville

Resolved: The stockholders request that the Board establish an independent committee to prepare a report evaluating the risk of damage to the Company’s brand name and reputation in the United States resulting from IBM’s offshoring initiative and make copies of the report available to shareholders of the Company upon request.

Tom Lynch, IBM’s Director of Global Employee Relations, told an internal meeting that US workers or workers in a country where the work is being relocated from, will, in many cases, be asked to train their replacements. He also said “that’s going to raise a lot of tensions as you’re training someone to do a job that you know is no longer going to be yours at the end of fixed period of time.” He called attention to a Washtech union website where “you can see some of the fairly appealing arguments that they’re making to why employees need to do some things like organize to help fight this. He noted “issues like dignity and justice and fairness, those sort of gut sort of issues tend to raise or strike an emotional cord after which the money issues, pay and benefits issues can come in, but the dignity of being told that it’s not that your job is going away it’s just that it’s moving and you’re going to be put out of work as a result of that. It certainly raises those kind of dignity issues.” Full text at <http://www.allianceibm.org/articles/execoffshoremeet.htm>

"How can America be competitive in the long run sending over the very best jobs?" (A union organizer quoted in Time Magazine, 8/4/03).

Young Americans may wonder whether to study engineering since engineering jobs are going offshore and since remaining engineers are subject to downward pressure on pay and benefits. Shareholders may agree that IBM should continue to hire in other countries. But shareholders may wonder whether IBM hurts itself by terminating and replacing American IBMers to do so.

Speaking at the internal meeting, IBM HR Partner Christoph Grandpierre described how IBMers in many European countries have more protection against offshoring because of their unions and works councils. “And then we have even situations where works councils have so-called ‘co-determination rights,’ ” he said. “That means that you need to reach an agreement with the works council before you are actually allowed to implement certain things. That means without the consent of the employee representative body, you are not allowed to actually deploy a certain process or to initiate a certain action.” He further said, “transfer of jobs across borders, are one of the key focus areas and items of interest for these works councils and union delegates.”

Shareholders wonder whether American IBMers will long allow themselves to be discriminated against compared with European IBMers. American IBMers may decide to form employee organizations to achieve equal rights with European IBMers to end this discrimination. Offshoring jobs thus poses risks for the Company’s brand name and reputation, and a report is appropriate.