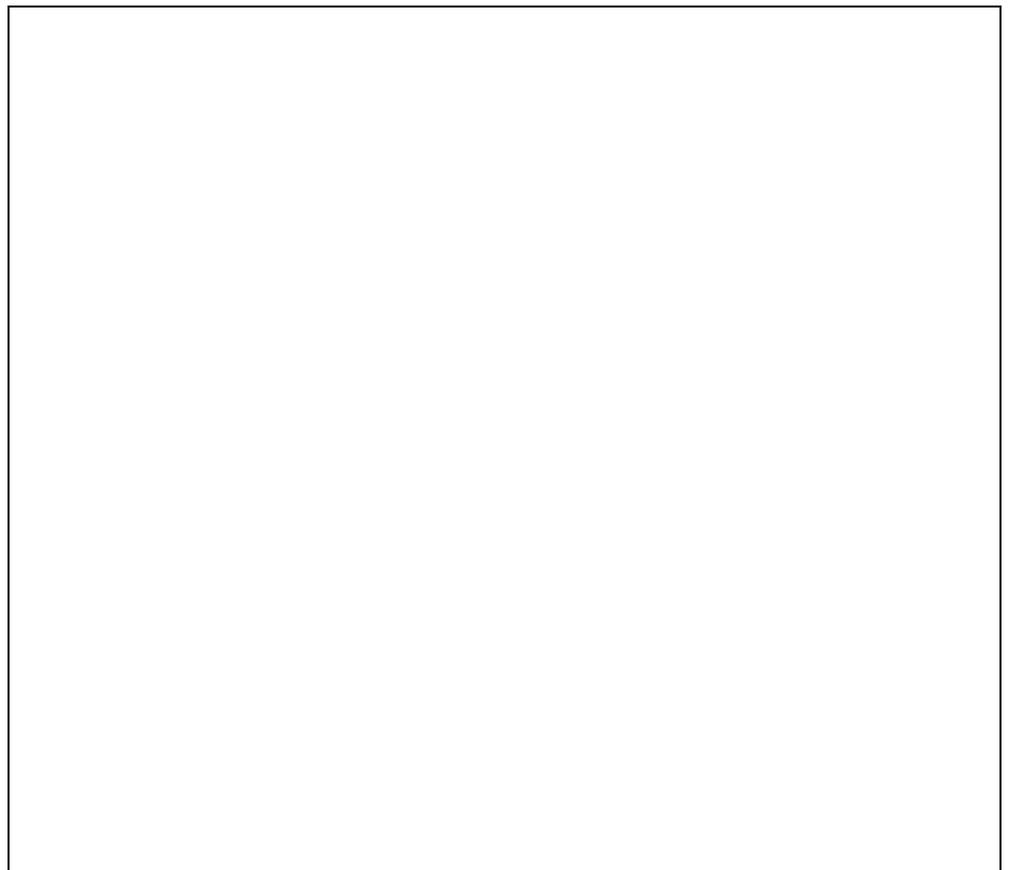




Eurofound

Impact of the recession on age management policies

Case study: T-Mobile, Czech Republic



Organisational background

The private company T-Mobile Czech Republic a. s. (TMCZ) has been in business in the Czech Republic since 1996 as a joint-stock company. The ultimate parent company of T-Mobile Czech Republic a.s. is Deutsche Telekom AG (DTAG). It is an integrated operator providing both mobile and fixed services and sits among three main telecommunication services providers in the Czech Republic. It is a market leader in the number of active SIM cards and the second largest provider of wired internet connection. It is a joint-stock company with headquarters in Prague. At present, it employs about 3,000 permanent employees, which classifies TMCZ as a large-sized business. Most of the permanent employees are male (56%) and the employees' age structure is summarised in Table 1. Most employees at TMCZ (90%) are under 50, with about 90 employees in total over 50. Its most recent published revenues in 2009 are about 30 billion CZK or about €1.24 billion at the time of writing. Its operating result was 11 billion CZK or about €0.78 billion (TMCZ, 2009).

Table 1: Employees' age structure

Age group	Percentage of employees
up to 30 years	44
31–40	46
41–50	7
50+	3

Source: TMCZ

With respect to employment, the company offers both permanent and temporary employment, which can be either full-time (90% of employees) or part-time. It also allows working from home for selected positions especially from middle and top management. Most employees are of Czech nationality (97.3%).

Trade union representation was established in 2007 to improve enforcement of Czech employment protection (e.g. unfair dismissal) and anti-discrimination legislation (see also accompanying Czech national report). Representation is based on a collective agreement, which is not especially comprehensive in terms of employees' right. The role of the union in the company is limited to the employment protection and anti-discrimination agenda and it has little influence on company's management and staffing. However, the union is informed about intended organisational changes and new human resources measures regularly. Procedures for mass redundancies follow the Czech Labour Code (see accompanying national report on the Czech Republic). TMCZ management does not make the number of union members and their names public. Union members form a steering group consisting of five members, which communicates with employees via notice boards placed at selected working places in all regions where the company operates. Personnel matters and age management development falls within the competence of a specialised section of the human resources department, which is also responsible for communication with trade unions. Estimates by our interviewees place union membership in TMCZ below 25%.

TMCZ follows its own HR policy consistent with Czech law. However, its HR policy is consistent with the broader strategy set out by the parent company DTAG. The head of the HR department is responsible for designing and implementing personnel management policy, including age management. He also presents and discusses HR strategy and individual measures to/with other top managers, i.e. heads of other departments. The HR department consists of two different sections. The first section, the so called competency centre, is responsible for creating and introducing individual HR solutions such as courses and wider support for different departments consistent with the overall strategy. It also administers a performance review. The second section, the 'business partnering' section, serves to communicate overall HR strategy to the TMCZ front-end departments and communicates

with other sections of the company. It collaborates on a quasi-market basis by treating the various departments of TMCZ as clients and offering them organisation-wide HR 'products' such as training courses and software applications.

Policies and practice in relation to age management

The HR manager confirmed that age management is an emerging concept in the Czech Republic in general and in the company's HR policy in particular. According to him, Czech firms have not developed age management measures in greater extent due to the excess of labour force supply over demand. In addition, early retirement has been consistently used in the Czech Republic as a way to manage the workforce (see accompanying national report on the Czech Republic). However, the concept of age management has gained prominence in recent times, due to the demographic development of Czech society and the expected age structure of companies' employees. Moreover, the interviewee from TMCZ's HR department identified 2008 as a turning point in the company HR policy. Until then, HR policy had focused almost exclusively on education and training activities in terms of increasing employees' qualification, skills and knowledge in general. These courses focused on personal efficiency, team efficiency, business and operational management, customer orientation and management skills (TMCZ, 2005). General participation by the employees was encouraged. The company followed a strict policy of anti-discrimination to ensure that all activities were open to all employees regardless of age, gender, and disability. However, in 2008, the company decided that such general training activities were no longer cost-effective. According to the interviewee from the HR department, company management concluded that training and education activities as currently constituted no significant improvement in employees' productivity or health and well-being. As such, TMCZ decided to change its approach to a more targeted approach and this is outlined below.

Furthermore, in terms of age management the collective agreement contains a general ban of wage and other forms of discrimination based on age. There are no positive discrimination measures such as seniority wages or other specific beneficial working conditions for older workers. According to the chairman of the union, compliance with the agreement is debated with management twice a year and day-to-day operational issues are discussed with the responsible person from the HR department.

Changes in age management policies and practice post-2008

In 2008, the global financial and economic crisis arrived in to the Czech Republic and the telecommunication industry was also affected. However, TMCZ has managed to weather the storm so far. At the time of the crisis, the company had accelerated implementation of new services and products (such as integrated mobile and fixed line services and data and internet services) which resulted in maintaining competitiveness in the market and a relatively low drop in revenue. In 2008, overall revenue was down 3.6% year on year (TMCZ, 2009). However, TMCZ realises that the economic crisis will likely impact results going forward. To stay competitive, T-Mobile had to invest, for instance it acquired České Radiokomunikace with its 100,000 retail customers (TMCZ, 2009). Management have put together an efficiency programme and the trade union representative interviewed expected deeper declines in revenue in 2011. Union officials are preparing for significant redundancies (hundreds) in certain groups of employees, mostly in service organisation involved in infrastructure development and through the consolidation of operations related to the recent acquisition.

At present, the management has not been forced into making significant redundancies. Its strategy of managing the workforce consists of some redundancies, significant redeployment and unspecified re-employment. So far, redundancies have involved about 20 employees, mainly at positions directly related to the construction of telecommunication infrastructure due to the decreased demand for new infrastructure. This decrease in demand impacted mainly male employees of no specific age profile or contract status (i.e. it did not affect those mostly on temporary contracts) and most potentially redundant employees were offered other

positions within the company. The company also re-employed tens of workers who were originally employed in service organisations (so called insourcing), but could not provide exact numbers. By and large, there were no significant changes in the age structure of the company and the number of dismissed did not exceed the limit to meet the threshold defining mass redundancy in the Czech Labour Code. Mass redundancy is defined as termination of employment within a given 30 day period of at least 10 employees in an establishment that employs 20 to 100 employees; 10% of employees of an employer that employs 101 to 300 employees; or 30 employees of an employer that employs more than 300 employees.

Though the age structure of the company was little affected by redundancies, the HR strategy and approach changed significantly. TMCZ started focusing its HR activities. In effect, it meant a reduction of organisation-wide educational activities as a way to save costs in an immediate reaction to the crisis. But, it also meant a significant revision of the approach and targeting measures on specific employees' group. Among others, the new HR strategy brought more emphasis on older workers and introduced new age related measures.

In 2009, all HR measures were integrated into a long-term program named 'Diverzita' (Diversity). Until this year, the program focused mainly on gender discrimination (encouraging recruitment of female employees and supporting female employees in management positions) and the reduction of barriers to employment for disabled employees.

From 2011, some age management measures are included into the program and the HR department is preparing a coherent sub programme 'Age management'. The need for a sub programme came about from the perceived risk to the company from an ageing workforce. This focus is remarkable in such a young company. However, even in a relatively, 'young' company the share of employees older than 50 years has been rising gradually (3% today versus 2% in 2007) and as such became a point of focus for management. The sub programme is intended to address the specific working conditions of older workers. It focuses on three main issues: promoting health at work, supporting flexible working and work-life balance, and work design.

In terms of promoting health at work, TMCZ runs a nationally recognised 'Healthy Company' programme focusing on prevention, healthy lifestyle and work safety. In terms of healthy lifestyle, TMCZ runs training on how to prevent accidents in the workplace targeted at workers in the field; it promotes healthy eating habits in the cafeteria; it distributes fruit and fruit juices at given points; and it runs seminars on ergonomics of the workplace; it runs blood pressure, blood sugar, and cholesterol checks at regular times in its offices (TMCZ, 2008). Employees with chronic conditions can also participate in a rehabilitation programme. This programme consists of physical rehabilitation but also training and counselling on how to deal with burn-outs and mental illness. Though these programmes are generally available, the rehabilitation programmes especially tend to be most relevant to older workers according to the interviewee in TMCZ's HR department.

In terms of flexible working, the company allows part-time jobs especially for workers with other family commitments; is supportive of (partial) work from home; offers reintegration courses for workers returning from extended periods of leave; and provides an extranet platform providing information about the firm activities accessible also by workers on extended leave. In terms of older aged workers particularly, the company aims from 2011 to offer flexible working time to meet older employees' needs such as part-time work closer to retirement while maintaining full contributions to occupational pension funds. Such part-time work would have to be planned and agreed in a career interview between employee and their line manager and approved by the HR department.

In terms of managing working conditions, TMCZ aims to build age diversified teams so that work experience and skills are effectively shared and transferred. TMCZ sees this as important in encouraging older workers to stay in employment and in promoting effective knowledge transfer.

Concrete age management measures introduced in the company include an antidiscrimination policy in terms of age, gender and disability which supports equal opportunities throughout

the employment lifecycle. Though an age discrimination policy is given in many European countries, age and other discrimination remains a problem in the Czech Republic, albeit it is decreasing over time (see accompanying national report on the Czech Republic).

Monitoring and evaluation of 'Diverzita' and other programs have been already implemented and software was developed for that purpose. It allows the HR department to continuously evaluate the effects of individual measures on certain groups of employees. Results are then discussed at senior management meetings. The aim of this activity is to verify the effectiveness of introduced measures. For example within the healthy life style programme, indicators of overall participation, development of morbidity rates over time, types of disease, costs related to morbidity etc. are monitored. Also, repeated surveys among employees on their overall satisfaction and assessment of particular HR programs are carried out. This also informs further initiatives. When HR noticed perceived feelings of stress among staff, they introduced the anti-burnout program. Older staff (50+) have an above average participation rate in these programmes. Overall staff satisfaction seems to also have improved over the years (those aged 50+ are no exception).

Summary

Changes in the company's HR policy resulted from several factors: the financial and economic crisis, which can still be felt; overall ageing of the Czech population; the slowly changing age structure of the company labour force where the proportion of the older-aged has gradually raised in recent years. These factors led the company to fundamentally change its HR policy in 2009 to become more focused and to cover age related issues too. The new programme 'Diverzita' is now oriented not only to workers with families, women and the disabled but includes also a specific age management sub programme. It is focused on older job applicants and workers (50+) and their specific living and working needs. Introduced measures are continually monitored and evaluated and results are discussed by top management.

Contact persons

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