



# Attractive Workplace for All: a contribution to the Lisbon Strategy at company level

A feasibility study for the Czech Republic

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## **Overview of national situation**

### **Introduction**

The transformation of the economic and social system in the Czech Republic, which has taken place from 1990, had a significant effect on the Czech labour market. The main characteristics of the labour market are: decrease in the total population (because of low birth rate), increase in working age population and decline in total employment rate. The labour market was affected by the restructuring of the economy, which resulted in a declining number of job opportunities and increasing demand for higher level of qualifications. The above mentioned processes led to the increase of unemployment and decrease of employment rates. According to Czech Statistical Office (CZSO) the employment rate in 2005 was 64.8% (for men 73.3% and for women 56.3%). The ongoing structural changes in the industry lead to dismissing of the working force which leads to higher unemployment. The negative effect of restructuring is partially compensated by positive effect of foreign direct investments, which creates most of the new work places. The new jobs are created mainly in the service sector, in particular in retail, hotels and catering, and real estate industries; For example, in hotels and catering, during last five years, employment increased by 15%.

The unemployment rate in the Czech Republic is 7.8%, (CZSO, September 2006) compared to EU-25 average of 8.7%. One of the reasons of still high unemployment is that newly created jobs require different qualification than what unemployed people have. This is so called structural unemployment. As confirmation of this, we see that unemployment is concentrated in the northern and eastern regions where there was a significant restructuring of industry. In these regions there are excess of non-qualified and shortage of qualified workers.

### **Reception, communication and assessment of the Lisbon strategy**

The implementation of the Lisbon strategy in the Czech Republic started already before its admission to the EU. As evidence of this, already in 2003 the government published the “Report on State of the Lisbon Strategy Implementation in the Czech Republic”, that reviewed the implementation of the Lisbon strategy and outlined the new priorities on the political agenda. The document showed that a significant part of the tasks set by the European Commission in Lisbon was already incorporated in the Czech legislative framework or such incorporation was in development process. The document also stated that the participation of the Czech representatives in the working groups of the European Council and the preparation of the national position on the discussed points (macroeconomic policy, employment policy, education and training) before EU accession helps more effective involvement of the Czech Republic in the implementation of the Lisbon strategy.

The government had declared its commitment to reach the goals set by the Lisbon strategy. The new tasks of the Lisbon strategy, based on the revision in 2005, were incorporated in the National Lisbon Program (NLP) 2005–2008 (also called National Reform Program of the Czech Republic). The aim of this programme is to increase the responsibility to fulfil the goals of the Lisbon strategy and to facilitate the evaluation of individual steps defined by the programme. The programme was developed based on the Integrated Guidelines for Growth and Jobs, defined by the European Commission in 2005. These guidelines laid down the general framework for setting priorities in relation to the Lisbon Strategy, and provided relevant recommendations.

In order to reach a broad consensus in the content of the reforms, the NLP was discussed with social and economic partners, and also in the parliament of the Czech Republic. Economic and social partners are equally involved in the fulfilment of the goals of NLP, through their active participation in a tripartite body – the Council of Economic and Social Agreement of the Czech Republic. The government also communicates the goals widely to the public by a number of publications.

### **Policies and programs**

The National Lisbon Program of the Czech Republic clearly specifies the necessary reforms and identifies the priorities of the economic policy of the Czech Republic. The NLP focuses on the improvement of the business environment, human resources development and increasing flexibility of the labour market. Orientation on the goals of the Lisbon strategy can also be found in another document accepted in 2005 the “Strategy of Economic Growth”, setting out the long-term vision of the development of the Czech economy till 2013. Among other issues, it focuses on the human resources development and support to business environment.

The NLP contains a number of measures that should be implemented over the next three years. In the microeconomic area a number of reforms are planned to strengthen the competitiveness of the Czech economy. These measures include the reform of the business environment, in particular by supporting small and medium enterprises, to make it easier to start a business and to reduce the administrative burden for the entrepreneurs. In the labour market area, the reforms relate to flexibility of the labour market, in particular, giving more decision power to employees and employers, with regard to flexibility of work contracts, decrease of non-wage labour costs set by the law, and incentives to regional mobility of the workforce. Increasing job security is one of the topics in the new Labour Code, which is at present actively discussed between the trade unions and employer organisations. Attention is also given to social inclusion, especially targeting individuals at the beginning and end of their professional career. The NLP also includes educational reforms that should increase the quality of the labour force, and widen the scope of available training courses, which would help individuals to meet the demands of the changing labour market. The goals of the NLP till 2008 are to reach the total employment rate of 66.4% (for women 57.6% and for older workers, aged 55-64, 47.5%).

In addition to NLP, the government accepted the following documents which define specific tasks for the actors on the labour market.

#### *National Action Plan of Employment (NAPE) 2004–6*

The document defines three main goals: full employment, increasing quality and productivity of work, and improving social cohesion and inclusion. These three goals will be reached by working on eight priorities: active measures for unemployed and inactive people, new jobs creation and entrepreneurship, increasing adaptability and mobility on the labour market, human resource development and life-long learning, increasing participation and active ageing, equality between men and women, integration of economically disadvantaged groups, and increasing motivation by higher work attractiveness. The NAPE sets specific tasks that should be realised by ministries and social partners.

#### *National Action Plan of Social Inclusion (NAPSI) 2004–6*

It gives special attention to individuals who look for a job but because of their disability, childcare, or other reasons (school leavers, women, older people above 50, and long-term unemployed) meet with difficulties on the labour market. In order to help them in finding a job the district labour offices are preparing an individual action plan for each individual person. The other measures concern provision of training courses, benefits for employers who employ people with disabilities, and advisory services for selection of an occupation.

#### *Operational Program Human Resource Development 2004–6*

The programme is prepared in correspondence with European Employment Strategy and the NAPE. This programme is realised with financial support from the European Social Fund. The goal is to achieve a high and stable employment level, based on qualified and flexible workforce, integration of socially excluded groups and competitiveness of enterprises. This global programme provides a framework for the implementation of specific programmes in the defined areas. For example, programme “Profese” helps professional growth of the employees in management and different technical specialisations.

### *Operational Program Industry and Entrepreneurship 2004–6*

Its aim is increasing competitiveness and efficiency of the industry, better economic performance and support for the structural changes of the industry, so that the Czech Republic will not belong to less developed regions of the EU. The programme emphasises support to small and medium enterprises, encouraging innovations and increasing efficiency. Within this programme, a sub-programme called “Educational Centres” (Školící střediska) helps companies to build facilities for providing vocational training to their workers. Another programme (named Start) provides entrepreneurs with low interest rate loans to start their businesses.

### **Recent legislation**

In correspondence with the National Lisbon Program and National Action Plan of Employment the government made a number of amendments to the existing laws. The most important are:

- The system of active labour market policy is transformed to focus more on specific target groups – young people under 25, older people, long-term unemployed. District labour offices make an individual action plan for each individual person, which allows more efficient use of the state support. The system of advisory services is further extended; it now allows purchasing advisory services from external institutions. The advisory services are used for choosing or changing workplaces. In addition, district labour offices can create programs targeted at specific groups.
- A financial contribution was introduced for employers who employ more than 50% of workers with disabilities. The law also obliges companies with more than 25 workers to employ at least 4% of people with disabilities.
- The professional training system was extended to potential candidates for employment.
- Opening a new business is made easier by simplification of administrative load. Newly created small and medium enterprises are also offered low interest rate loans.
- A system of investment support was developed. It provides financial contributions to investors who start working in a region with higher than average unemployment rate.
- New labour code further promotes flexible forms of employment.
- System of taxation was transformed in order to motivate low income individuals to work. The lowest tax rate was decreased from 15% to 12% and the middle-income tax rate was decreased from 20% to 19%.
- In order to increase workers geographical mobility, the workers expenses on the transportation are allowed to be tax deductible.
- A system for evaluation and recognition of the results of further education was developed.
- System of social support is transformed so that it is more motivating for work activity and intensive efforts to change social and economic situation and at the same time it fairly protects people against financial need.
- Equal opportunities at work are further promoted. The emphasis is also put on reconciliation of work and family life.
- System of active ageing is developed, which aims at motivating older workers to remain at work. The retirement age is planned to gradually increase. Currently the retirement age is 62 for men and 61 for women. Till 2012 this retirement age will increase to 63 for men and women.

### **Processes between the key actors**

Discussion between the government and social partners is taking place at the Council of Economic and Social Agreement. The Council was established in 1990 as an institutional basis for social dialog. It is a voluntary institution acting as a platform for debate on issues related to employment and socio-economic policies. The Council consists of the prime minister, 7 members of the government, 7 representatives of trade unions, and 7 representatives of employers’

organisations. The Council also helps to create regional tripartite institutions in the regions with the worst economic situation.

Recently the Council was actively involved in the discussion of the new Labour code. Social partners had many comments to the initial formulation of the Labour code, and it had to be reworked. Revisions of the Labour code are related to flexibility of working time, possibility to dismiss workers and duration of notice period before dismissal, as well as, the legal position of trade unions. The comments from the employers' organisations are often contrary to the comments from trade unions, because of the different interest the two organisations represent. The discussions about the new Labour code are still going on.

### **Impact and outcomes**

The Lisbon strategy definitely had an effect on shaping national employment strategy. Active labour market policy became more focused on specific target groups (women, young and old, people with disabilities). Emphasis is put on flexibility of the labour market, including flexible forms of employment and geographic mobility. Special attention is given to active and preventive measures (training and re-qualification) rather than passive measures (social support). District labour offices have done a significant work in the framework of the active labour market policy aimed at increasing motivation and employability. In 2005, around 50 000 unemployed people received training or re-skilling and around half of these people were able to find work in a short period after completion of the training.

## **Review of the six orientations**

### **Fostering employability**

The educational system of the Czech Republic is characterised by high share of people participating in the secondary education. In the age group of 20 to 24, there are more than 90% of people who have at least upper secondary education (the EU average is 77%). However, the share of people with higher education is still lower than in the EU. Among the population aged 25 to 64, there are only 12% of people having completed higher education (the OECD average is 23%). This share, however, is increasing, since the number of university graduates has been significantly increasing since 1990. In 2005, the number of university graduates reached 25% of the respective age cohort.

According to international surveys the quality of Czech secondary education is not lower than the average of OECD countries. The Programme for International Students Assessment (PISA) 2003 showed that the educational level of secondary school students in the Czech Republic is at average quality of EU, and in some subjects (Mathematics and Science) are even above the EU average.

Early school leavers – those who enter the labour market having completed only primary school or after unsuccessful study at the secondary school have a high probability of not finding a job. The percentage of population aged 20 to 24 having completed only primary education is around 8%; however, this percentage is constantly declining.

Further education is the main tool for increasing employability. According to the survey by the Czech Statistical Office, in 2003 (this is the most recent data available, results of a similar survey conducted in 2006 are not yet available yet), 37.2% of people in working age participated in some forms of education; 10.9% of them were still studying at different educational institutions, 10.7% underwent further training, and 20.6% opted for self learning. All age groups participated in further education at approximately the same rate.

A previous survey conducted by the Czech Statistical Office in 2000, focused on company education, found that 67% of companies offer some form of educational courses. The highest percentage of companies that offer educational courses is in the manufacturing (manufacturing of transport vehicles; electricity, gas and water supply), banking and

telecommunication sectors (80%), and the lowest percentage is in tourist and sales sectors (50%). In most of the companies, educational courses are out-sourced (94%), a significantly lower number of companies organises in-house training courses for their employees (37%). Bigger companies show higher intensity of employees' education. In companies with more than 250 workers, 96% of them provide educational courses, in companies with 50-249 employees 84%, and in companies with 10-49 employees only 62%. The survey also found that in the companies that offer further education the participation rate of employees is 50%, which means that every second worker participates in educational programmes. The number of hours of educational courses is 25, which is lower than EU average of 36. The courses are focused on technical and industrial subjects, computer usage, languages, accounting and marketing.

### **Increasing labour market participation of women, young and older workers**

In 1990 the Czech Republic had high participation rate of women in the labour market, since 1990 till present the participation rate was declining. At present, the employment rate of women is 56%, whereas the unemployment rate is 9.9%, which is higher than the unemployment rate of men (6.2%). This rate is also higher for young women under 34, in period of child care.

According to the survey conducted by RILSA in 2005, women with young children, especially under 34 years of age, face problems when returning to work after a maternity leave. Among the main reasons are: no opportunity to find part-time job (20%), difficult commuting to workplace (15%), unavailability of child care institutions (15%), and higher requirements of the work (10%). A different survey conducted by RILSA in 2005, showed that 69% of the companies had some employees on maternity leave; but only 12% of them provided educational courses to these workers; 21.4% of the companies reported that during maternity leave employees were working part-time in the company, and only 3.5% of the companies offered the possibility to work from home.

Older workers have difficulties in finding a job. Most of these people had only one job and acquired only one specific qualification. After dismissal from work they were not able to obtain new qualification required by restructured economy. The employment rate of people aged 55-64 is only 42.6%. The situation is worsened by general reluctance to employ older workers, in view of their low adaptability and high probability of health complications. Older workers are also the first ones to be dismissed in case of company downsizing.

School leavers have two times higher unemployment rate than the average because of difficulties they have due to lack of work experience. The unemployment rate of the new school leavers decreases with educational level (for apprenticeship 15%, secondary education 10% and higher education only 3.8%).

The National Action Plan of Employment intends to increase the employment rate of women, by further promoting flexible forms of employment, reconciliation of work and family life, and providing more child care facilities. It also defines employability of people under 25 and above 50 as one of the priorities. The government initiated a programme called "První příležitost" (First opportunity), which offers advice and counselling to young people under 25. The aim is to find a job for each of these individual before the six month of their unemployment.

### **Integration into the labour market of long-term unemployed, early school leavers and people with disabilities**

The increasing number of long-term unemployed belongs to one of the problems of the Czech labour market. During 1997-2004 the number of long-term unemployed as share of total unemployment increased from 30% to 40.6%. Among this group of people we can find people with low qualification, women (especially after the maternity leave), older people, and individuals with disabilities. The highest risk of exclusion is faced by people with combination of the above mentioned factors. The main reasons why these people cannot find work are their low qualification, low mobility, and high dependence on the social protection system.

The National Action Plan for Employment aims at preventing long-term unemployment and creating the conditions for the integration of disadvantaged groups in the labour market. Special attention is given to the group of early school leavers. The government also initiated a programme called “New Start”, designed for unemployed people above 25. The aim of the program is to find job for these people before the twelfth month of their unemployment. The program provides training as well as advice services.

### **Make work pay – make work attractive**

According to the survey “Pay Well 2005”, outside the main part of wage, many companies start providing a variable part of wage, which is based on the employees’ performance. In total 62% of the companies reported rewarding employees for outstanding performance. However, the variable part of wage is still low (15 to 20 percent of wage). The other motivational factors are possibility of professional growth, education and development.

Profit sharing is not popular among companies. However, many of them provide 13th and 14th monthly wages, which depend on the company performance. In order to guarantee fair rewards to their employees, 20% of companies use some evaluation criteria and assign points by each criterion. The workers wage depends on the total number of points he receives. In order to decrease number of absences 30% of companies use some measures that are connected with financial reward or extra days off for low number of absence. As another motivational factor, companies provide employees an extra health care (50%) and pension plans (66%).

An interesting form of motivation is by providing training and educational courses to employees. The recent survey “Human Resource Controlling 2005” showed that the provision of training in companies boost worker motivation. The new form of remuneration is the system where the employees can choose which benefits they would like to receive. In this way the remuneration correspond more to employees needs.

Social partners are involved in increasing company awareness about the workers motivational plans. Several studies organised by social partners have collected examples of best practices that should help companies to implement similar practices.

### **Towards a balanced flexibility**

According to the survey conducted by the Czech Statistical Office in 2004, 78.9% of employees have a fixed beginning and end of the work time. Only 10.4% of employees have flexible beginning and end of the work time and 10.7% have an individual agreement with the employers or can choose the working hours themselves. The flexible work agreements are used mainly in big companies of the business sector. Low percentage of women using flexible work time is primary due to high employment of women in education and health sectors, where the possibility of flexible work time is limited.

The “Pay Well 2005” survey showed that among the top performing companies flexible working hours are more popular. Flexible working time is most practiced in management positions (75%), less in administrative position (60%) and for obvious reasons very seldom practiced for manual workers (13%). Working from home is used only by 12% of the managers, 15% of professional workers, and 2% of administrative and manual workers. Work from home is used more in small companies than in big ones. Part-time work is not very popular. The share of part-time work is only 5%, compared to EU average of 18%.

Flexible work contracts are organised in a way that workers arrange the number of work hours per month with their employer and organise the rest of their working time freely. Workers can also choose definite or indefinite duration of the contract.

Another form of flexible work arrangements are provided by temporary work agencies. However, there is no statistical data on the number of these agencies. A survey by RILSA in 2004 estimated the share of these workers at 0.4% of all employees. Fixed-term contracts – the contracts for predefined duration – represent only 8% of all contracts (Labour Force Survey, 2005).

Improving the flexibility of the labour market in the Czech Republic has been the objective of several amendments of the Labour code and the new employment act. In addition, collective agreements play an important role in determining the length of working time. Social partners are actively involved in increasing flexibility of the labour market. For example, the European initiative EQUAL started a project called “Flexible workplace”, which aims at higher public awareness of flexible work arrangements.

### **Business creation and entrepreneurship**

Small and medium enterprises represent a significant part of the newly created work places in the Czech Republic. SMEs create more competitive and healthy entrepreneurial environment; they absorb significant part of workforce released after restructuring of large enterprises. The attitude of population towards entrepreneurship can be characterized by very high number of trade licenses issued. By the end of 2005 there were 3 750 559 trade licenses distributed and in the last years this number was growing.

Small and medium enterprises create 60% of all work places in the Czech Republic. The share of GDP created by SMEs reached 52%. The majority of small enterprises works in the service sector. Small enterprises usually face difficulties in the areas with high financial requirements, or where there are high requirements on technological process.

The National Action Plan of Employment focuses on business creation, decrease of administrative burden for new entrepreneurs and financial support for SMEs. The government initiated a number of programmes, “Záruka” (Guarantee), “Trh” (Market), “Progres and Poradenství” (Progress and Consultancy), which allow new entrepreneurs to receive loans at a low interest rate, facilitate the start up of their companies, receive training and advisory services. In 2005 more than 3000 companies participated in one of these programmes.

### **Description of the company case studies**

After 1991 many companies were privatised by foreign owners. As it was mentioned in the introduction, the foreign companies create many new work places. A significant part of the foreign companies operates in the manufacturing of motor vehicles, telecommunication and financial services. The best companies, which can serve as an example of what can be done in order to support implementation of the Lisbon strategy, were selected. Many of these companies are foreign owned or originally Czech but recently privatised by a foreign company. However, five companies selected for the case studies are Czech owned. Since foreign companies usually bring their good traditions of encouraging training, work flexibility and workers motivation, the foreign owned companies were more likely to be selected for the case studies.

Five out of twelve companies are located in Prague. Other companies are located all around the Czech Republic: in Plzeň, Most, Mladá Boleslav, Slaný and Ostrava. Big companies and foreign owned companies usually have a head-office in Prague. Therefore, they were more likely to be selected. However, most of them operate in different parts of the country. For example, Siemens has working plants, besides in Prague, in 11 smaller cities. Czech Telecom, Vodafone, Komerční Banka and City Bank have offices, besides in Prague, in many other smaller cities. In northern and eastern regions the labour market situation is worse than in other regions. After 1991 relatively few investors came to these regions. Therefore, only few companies (Mostecká Uhelna and Dalkia), who have a head-office in these regions, were selected for the case studies.

## **Fostering employability**

### **Škoda auto**

Sector: Car industry

Workforce size: 22 554

#### *Description of the company and its activities*

Škoda auto is a car producing company with more than 100 years of experience in the car industry. In 1991 Škoda auto became a part of Volkswagen. The company opened its first factory in Mlada Boleslav, Czech Republic. Later on, the company opened two other factories in Kvasiny and Vrchlabi, the Czech Republic.

The company sales are constantly growing. In 2005 it had sold around 500 000 cars around the world. Škoda auto is one of the most successful companies in the Czech Republic. The company export reached 8.2% of the national export. It is constantly working on developing new models and increasing quality of cars.

The number of employees in Škoda auto has increased by 7, 9% during the last year, their average age is 38. The employment conditions in the company are regulated by collective agreement, which aims at long-term development of the company, stability of employment, professional growth of employees and their competitiveness on the labour market.

Second time in a row Škoda auto had won the competition “The Best Employer of the Year”. In this competition companies were evaluated from the point of view of human resource development and workers’ attitude. In 2003 the company conducted 2 098 different educational courses, which were attended by 21 657 workers.

#### *Specific features of the company policy*

Škoda auto has always provided good training for its employees. After Škoda auto became a part of the Volkswagen concern the training activities even expanded, since Volkswagen has always encouraged training for its employees. The company has established its own university, named “Škoda Auto University”. The motivation for this was extensive development in the car industry and insufficient number of professional workers on the labour market. The company, therefore, decided to teach new technologies specific for the car industry itself. In addition, the university offers education in the field of economics and management.

The university is situated in Mlada Boleslav, the city where Škoda auto has its main headquarter. Many professionals of the company teach at the university and it also invites specialists from other companies, like Siemens, Microsoft, and different commercial banks. The students of the university have half-year internship at Škoda auto or abroad at Volkswagen or Audi.

The university was established in 2000, and during past five years the number of graduates has reached one hundred. Half of them have found employment in the company and one third of them continue studying at master level.

Source: <http://www.skoda-auto.cz>

## **Linet**

Sector: Health care equipment

Workforce size: 320

### *Description of the company and its activities*

Linet was established in the Czech Republic in 1990. In short time, it became the best company in production of health care equipment in the Czech Republic and one of the five best health care equipment companies in Europe. The company produces beds, mattresses, furniture and other products for hospitals. At present the products are sold in 70 countries. The total number of beds sold in 2005 reached 20 000. In the competition of the best 100 employers Linet took 52nd place. The manager of the company has won an award for best entrepreneur of 2003.

The head-office of Linet is in Slaný, Czech Republic. The company is a member of Linet-Wissner-Bosserhoff group. Its factory is equipped with the most up-to-date technology, which guarantees high quality of the products, 83% of which are produced for foreign markets.

The company pays attention to investments in human resources. The positive development of the company, among other reasons, is due to the strong emphasis on employees' education. Linet initiates seminars, training and sends its workers to international internships. For its educational needs the company created a new computer class. In 2005 the total time for company training as percentage of the total work time reached 5%.

### *Specific features of the company policy*

Linet initiated a unique project of business academy called "Academy of Productivity" and Innovation, attended not only by the employees of the company but also by other people. The academy is educating people in different subjects of industrial engineering. After completing the programme students receive Master of Engineering diplomas. The programme allows unique integration of education and practical experience, which guarantee return on educational investments already during the programme. The academy offers most recent and world-famous methods for finding innovative solutions of products and processes. The programme is devised for school leavers from high professional schools and for top or middle level management of the industrial enterprises.

Source: <http://www.linet.cz>

## **Increasing labour market participation of women and young employees**

### **Czech telecom**

Sector: Telecommunication industry

Workforce size: 11 310

### *Description of the company and its activities*

Czech telecom provides broad range of services in the telecommunication industry – fixed lines, mobile and internet connections. By the number of clients Czech telecom has a leading position on the market. In 2003, the company became part of the Spanish telecommunication company Telefonica. Its head office is in Prague.

The company's aim is to keep the leading position on the market. The growing number of people using internet connections is one of the reasons of its dynamic growth. As result of restructuring that started in 2003, the company gradually decreased the number of its employees from 16 000 to 11 310. The goal of the restructuring is to change Czech telecom into modern, flexible and dynamically growing company.

The working time and wages of the employees are regulated by collective agreement. In 2004 the company made managerial audit, and introduced a system for evaluation of the workers' performance, for clear and fair workers remuneration. The company starts introducing job rotation mechanism between Czech telecom and Eurotel (the mobile operator owned by the company).

### *Specific features of the company policy*

In 2005, the company started a program called "Winning Opportunities for Women", aimed at individual development of the women employees. The programme wants to achieve a higher share of women in management. The current share of women in middle-level management is 13.5%, and in top-level management 13%.

In 2005, 35 women attended the programme, and as part of it they participated in seminars called "business skills for women". The seminars intended to develop knowledge and skills of participants, so that they have a greater chance of career advancement in the company. The seminars focused on managerial skills, corporate life, top management team, communication, and necessary skills for responsibility taking, marketing, and image creation.

Besides this programme, Czech telecom provides female managers with the possibility to reconcile family and work-life. This is reached by offering flexible work time, part-time positions, and work from home.

Source: <http://www.telecom.cz>

### **Mostecká Uhelna**

Sector: Coal and energy industry

Workforce size: 4 627

### *Description of the company and its activities*

Mostecká Uhelna is a member of the Czech Coal group. The group consists of more than 10 companies working in the field of energy and coal mining. The company was established in 1993, by integration of the former state coal-mining enterprises. At present it is one of the main coal producers in the Czech Republic, with 33% share of the coal produced on the market. To keep its market competitiveness besides the company investments in new technologies it also invests in the training of its employees. In 2004, it initiated 834 educational courses, which were attended by 2 396 employees. The expenses on education are constantly growing. In 2004, they reached 0.67% of the total wage expenses.

The main office of Mostecká Uhelna is in Most (a city in the North of the Czech Republic). The company is one of the most significant employers in this region. It employs 10% of the inhabitants of the Most. The employees' wages are higher than the average in the country. In addition, employees have extra health care, pension plans, additional week of holidays, and other benefits.

### *Specific features of the company policy*

Mostecká Uhelna works in the region with highest unemployment rate, in particular high unemployment of new school leavers. The main reason the school leavers have difficulties to find work is lack of work experience. Mostecká Uhelna organises special programs for school leavers in cooperation with the district labour offices. So far the company completed 10 consequent programmes for school leavers.

The aim of the programmes for school leavers is to give them a possibility of receiving work experience, with further possibility of employment in the company. In 2004, 170 school leavers, from secondary and higher schools from the Most and Chomutov regions attended the programme. Fifteen of them received employment contracts in the company. For several other participants the programme was extended.

In addition, the company helps students even before the completion of their study. In 2004, it organised the following cooperation with students of different educational institutions: professional practices of students (79 students), practical education for students (47), company internships and diplomas (10). These programmes are all financed by the company own funds.

Source: <http://www.mus.cz>

## **Integration into the labour market of early school leavers, long-term unemployed and people with disabilities**

### **Siemens**

Sector: Electrical engineering industry

Workforce size: 12 000

#### *Description of the company and its activities*

Siemens is an international company that was established around 1850. The company opened its production in the Czech Republic in 1990 and at present the Siemens group in the Czech Republic consists of 23 different companies with more than 12 000 employees. The company is one of the biggest employers in the country. It produces appliances for home usage, electric-power industry, information and telecommunication industries, logistics and health service industries.

The Siemens ČR head-office is in Prague. The export of the company is increasingly growing. The highest share of Siemens products belongs to railway cars, electric engines, electric-power generators, and lamps. In 2005, Siemens was the second largest exporter and ninth biggest employer in the Czech Republic. The company has 11 factories in the country located in Prague, Brandýs n.L., Adršpach, Trutnov, Drásov, Mohelnice, Frenštát, Brno and Bruntál.

#### *Specific features of the company policy*

In 2005, Siemens received the first price in the competition for the best employer of people with disabilities in the Czech Republic. The company was awarded the price for establishing a special work-room for people with disabilities in its factory in Mohelnice. The work-room employs 31 handicapped employees. The total number of handicapped employees the company employs in Mohelnice is 91.

The project of the special work-room was very difficult to realise, since the main part of the factory work is in industrial production. The people employed in the work-room are working on the preparation of isolation materials for electric engines and help with the assembly of smaller parts of them. The place is prepared in such way which maximally suits the employees. During the work, people can sit, stand or change their activities accordingly to their needs. Siemens consulted design of the employees' chairs with medical specialists. Outside of the factory in Mohelnice, the company employs other people with disabilities in the other factories in the Czech Republic.

Source: <http://www.siemens.cz>

### **Citibank**

Sector: Banking and finance

Workforce size: 800

#### *Description of the company and its activities*

Citibank opened its branch office in the Czech Republic in 1991. Citibank is part of the Citigroup, which has its main office in New York, and is one of the biggest financial institutions in the world. The Czech branch of the company provides broad range of financial services. In the beginning, the company provided loans only to big enterprises but at present it works also with small and medium companies. Its main office is in Prague.

The banking sector is very competitive in the Czech Republic; therefore, Citibank makes significant investment in the education of its employees. The outstanding performance of the company in 2005 is attributed to the good quality of its workforce. The bank has a special Management program for the development of managerial skills. A number of employees also participated in training programmes in the company offices around the world. The company practices policy of equal opportunities for all employees. It offers flexible work time arrangements, work from home and special arrangements of “compressed” work-time.

### *Specific features of the company policy*

The company initiated a programme called “Money for Life”. The program is focused on school leavers from orphanage schools, who lack sufficient motivation and leave school early without receiving the necessary competences to find work on the labour market.

Citibank conducts two other programmes, called “Banks in Action” and “Learn Your Money” for students of secondary schools to help them orient in the banking sector, develop their skills and give them financial education. The company traditionally supports summer schools together with Foundation for Teaching Economics and Liberal Institute of the Czech Republic. The summer school invites 30 students each year.

In 2003, the company organised a project for the education of small and medium enterprises, in cooperation with Chamber of Commerce, the Czech Trade Agency, and the Association of Small and Medium Enterprises. The program consisted of a series of seminars on the topics related to entrepreneurial activities. The program was very positively evaluated by the participants.

Source: <http://www.citibank.cz>

## **Make work pay, make work attractive**

### **Logos**

Sector: Information technology consulting

Workforce size: 250

### *Description of the company and its activities*

Logos is one of the best Czech companies working in the area of Information technologies. The company was founded in 2000. Its main office is in Prague. The company offers a broad range of IT services: consultation and analysis, development of software products, outsourcing of IT services, and development of application software for portable devices. It works with customers from banking, telecommunication, governmental organisations, industry, commerce and services. The company works with clients from all over Europe.

In 2005 Logos income grew by 27% compared to 2004 and the number of its employees increased by 40%. The company was recognised to be one of the 50 best companies in Central and Easter Europe and the fifth fastest growing company in the Central Europe. It also holds the Microsoft Industry Award for the best solution in the financial industry and the Internet Effectiveness Award for the best internet solution in the Czech Republic.

### *Specific features of the company policy*

In 2006, Logos received second price in competition for the best employer of the year. The award was given to companies that have the most successful attitude to human resource development. The evaluation factors were: motivation of employees, their development and educational system.

An important part of the company's policy is the variable part of wage. This part depends on the performance of a worker. The variable part makes as much as 50% of the total wage. The employee's therefore have motivation to excel in their work. Both number of customers they serve and quality of work they provide are evaluated. Based on this evaluation the company assign wages to employees.

The Information Technology industry requires quick upgrade of employees' education. Therefore, each employee is provided with a personal budget for his own education. Partially because of this human resource policy, the company managed to achieve low fluctuation of employees. In IT industry workers often change jobs, looking for better conditions. The motivational system allowed the company to keep highly qualified employees. The exceptional performance of the company is attributed to its motivational system and work of its human resource department, which prepares individual development plans for each employee.

Source: <http://www.logos.cz>

### **Kerio Technologies**

Sector: Information technology

Workforce size: 70

#### *Description of the company and its activities*

Kerio Technologies was established in 2001, and is one of the main producers of internet software for small and medium sized networks, with specialisation on firewalls and security of company's internal communication. The main office of the company is in the United States; however, the software development is done in Plzeň, Czech Republic. The company distributes its products around the world and it has several thousands of customers in 70 countries.

#### *Specific features of the company policy*

The company with its human resource and motivational system has won the first price in the category "System of growth and motivation" of the "Credit Suisse Employer of 2005" competition. The executive director of the company had also received a price for the company's motivational system and human resource development system.

The human resource motivational system concerns employees of the company at all levels; it includes adaptation process, continuous evaluation and planning of career growth. Another part of the motivational program is a number of special benefits such as additional days off, cultural and sport activities, language and professional training or internships in the foreign departments of the company and its partnering institutions. The motivational system was developed in order to introduce clear remuneration rules, in particular the system of professional and career growth within the company. The success of the project was based on employees' participation in its development.

Source: <http://www.kerio.cz>

### **Towards a balanced flexibility**

#### **Vodafone**

Sector: Telecommunication industry

Workforce size: 2 079

#### *Description of the company and its activities*

The company was established in 1999. Its original name Oskar was changed to Vodafone in 2005 after the company joined the British telecommunication group. The main-office of Vodafone Czech Republic is in Prague. The company is

the third biggest provider of mobile telecommunication in the country and the number of its customers is constantly growing.

The market for mobile operators is very competitive. The company tries to keep their position on the market by introducing new types of services, extensive advertisement and price competition. Despite severe competition, the company keeps its market position. During 2004 the company income increased by 24% and reached 20% of the total market of mobile telecommunication. The company is the youngest in the sector of telecommunication; however, it managed to build a network comparable to the competitors, and earned national and international recognition. In 2004 the company earned award for the “Most Dynamically Growing Company” in the Czech Republic. In 2006, the company won the award from the “Best Employer” in the Czech Republic for the work of its human resource managers.

*Specific features of the company policy*

The company puts emphasis on flexible forms of work time, part-time work and work from home. For this reason it reached high share of women in its management and is one of the few companies that have 50% of women in its top management and 48% share of women in the whole company. The share of women in middle-level management is 27%. Due to the high percentage of women in top positions the company earned third place in the “Competition for the best firm with equal opportunities for men and women” in 2005.

Vodafone offers all its employees many educational programmes, which are focused on presentational and communicational skills, conflict solving and project conducting.

Source: <http://www.vodafone.cz>

**Channel Crossings**

Sector: Educational services

Workforce size: 100

*Description of the company and its activities*

Channel Crossing is a language training company, which operates in the Czech Republic since 1993, and is one of the most famous in its field. The company provides language courses, e-learning courses, translations and interpretation at conferences. Its head office is in Prague. Since its creation in 1993 the company established two branch offices equipped with multimedia educational classrooms. In 2005, Channel Crossing received the first prize in competition of Gender Studies organisation, for the best company with equal opportunities for men and women. The management of the company consists of 7 people out of which 4 are women.

*Specific features of the company policy*

The company policy is to help female employees by offering flexible working time. In addition it helps to combine work and family life by establishing a special facility for looking after employees’ children during their work. The company also pays attention to equal opportunities for men and women. In 2004, the company was awarded with the European language award named “Label” for the innovative project of language courses for women on maternity leave.

Support of flexible forms of employment and equal opportunities turned out to be motivating for workers’ loyalty to the company and their good performance.

Source: <http://www.chc.cz>

## Business creation and entrepreneurship

### **Dalkia**

Sector: Heating and energy

Workforce size: 1 800

#### *Description of the company and its activities*

Dalkia is an electricity producing company, which also provides heating for households' usage. It serves around 200 000 households in the Czech Republic. The company head office is in Ostrava. The power generating factories are located in Ústí nad Labem, Olomouc, Přerov, Karviná and Prague.

The company sales of electricity and heating are continuously growing. In 2005 the sales of heating increased by 10% and sales of electricity by 25%. In 2005 the liberalisation of the electricity market was completed and at present each customer can choose which supplier of electricity he wants to use. The liberalised market introduced competition into the electricity industry. Despite growing competition, Dalkia is successful in its efforts of being competitive by keeping low costs of the provided utilities.

The regions where the company operates (Moravskoslezský, Olomoucký and Ústecký) are characterised by high unemployment rates. The company initiated its own foundation, which supports the creation of new workplaces and helps decreasing unemployment.

#### *Specific features of the company policy*

The Dalkia fund was established in 2000. It supports the creation of new workplaces creation by fostering new entrepreneurial activities of individuals and companies. The fund chooses innovative projects that create long-term work opportunities for unemployed people, and also people from socially excluded groups. The company funding is not just a sponsorship or charity gift. The board of the Dalkia fund award financing after detailed review of the proposed projects, based on several criteria: social effect of the entrepreneurial plan, number and nature of the newly created jobs, location of the new company, competition and financial resources required and the sustainability of the project.

Apart from financial support, the Dalkia fund also offers help in the consulting area. Significant effort is given for reworking of the entrepreneurial plans, juridical and technical advice to new entrepreneurs. In 2005, the fund supported 67 projects, which created 133 new workplaces (22 of them for people with disabilities). From the beginning of the fund existence, it supported 237 projects, which created 720 workplaces (136 of them for people with disabilities.)

Source: <http://www.dalkia.cz>

### **Komerční banka**

Sector: Banking and Financial services

Workforce size: 7 400

#### *Description of the company and its activities*

Komerční banka was established in 1990 and is one of the most significant financial institutions not only in the Czech Republic but also in Central and Eastern Europe. The bank is part of the Société Générale, which is the fifth biggest banking group in Europe with more than 19 million customers. Komerční banka offers financial services in the area of private, enterprise and investment banking. In the Czech Republic the bank serves 1 450 000 customers. In the area of customer banking, the bank focuses on providing financial services for individuals and small enterprises. In the area of

enterprise and investment banking the bank works with middle sized companies and big corporations. Komerční banka won the first price in the competition Bank of the Year 2005.

*Specific features of the company policy*

In 2004, Komerční banka became the main partner of the project “Rating SME”, whose main goal was to help small and medium enterprises to become more competitive. The bank supports activities that improve business environment in the Czech Republic. The project facilitates access of small and medium enterprises (SMEs) to financial resources, and also provides information about SMEs’ performance.

The bank also supports training of new entrepreneurs. In 2004, it organised training course named “Accounting and taxes for small and medium sized enterprises after EU accession”. The three-day course provided a unique opportunity to get an overview of the issues related to business activities in the Czech Republic after joining the EU. In its activities for SMEs development the bank cooperates with the Association of Small and Medium Enterprises and with the Chamber of Commerce of the Czech Republic.

In 2005 the bank organised seminars for more than 200 representatives of small and medium enterprises. The seminars called “Successful exporter” were organised in order to train new entrepreneurs in the area of export. The bank gives free consultations for small and medium enterprises. It helps them to start business by sharing experience from existing successful companies. The bank also helps companies to expand their activities to foreign markets.

Source: <http://www.kb.cz>

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