

THE UTILIZATION OF HUMAN RESOURCE WHEN FACING OBSTACLES FOR PERFORMANCE OF WORK ON THE EMPLOYER'S SIDE

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Abstract

Employees are the most important factor in terms of the competitiveness of companies. However, this is why human resource often represent one of the largest expenses, and even companies making maximum effort in the area of loyalty of their employees are constantly looking for ways how to make the most of their paid labour force, especially in the event of the threat of downtime, which can have various causes. The article presents the tools for downtime prevention.

Keywords: downtime, obstacles, work performance

1. INTRODUCTION

Any obstacles preventing the performance of work in production are undesirable for the company. Every company must carefully analyze their causes, impacts, identify the responsible persons or departments, and then define the possible prevention of their occurrence. Given the fact that there are dozens of potential obstacles to performance of work on the employer's side, especially in technologically and materially intensive branches such as metallurgy, it is very difficult to achieve a state when work obstacles completely are prevented. [1] That is why the preparation and management of the company and of the people responsible for the occurrence and solution of such situations play important role. However, work obstacles represent an undesirable situation not only for the employers, but also for the employees themselves, as at the time of occurrence of work obstacles, they don't have the opportunity to work and earn normal wage. It is necessary to find such measures that provide the most effective solution of the situation, with the lowest possible impact on the human resource. In specific situations, which the employers fail to address using their own means, they can use some of the tools of active employment policy of the state. This article deals with the definition of the main obstacles for work on the employer's side and suggests their solutions, while taking into account their impact on the employees of the company.

2. WORK OBSTACLES ON THE EMPLOYER'S SIDE AND THEIR CONSEQUENCES

The main obstacle for the performance of work on the employer's side is downtime. The Czech Labour Code defines downtime as the time when an employee cannot do his/her work due to a temporary malfunction caused by the failure of machinery not caused by the employee, of the supply of raw materials or driving power, incorrect working documents or other similar operational causes. Other obstacles to work outside the scope of the influence of the employee can include weather conditions or serious operational reasons, which do not allow work.

The existing obstacles for work have a significant impact on the employers, but also on the individual employees. An employee has the right to be transferred to another type of work in case there is an obstacle, and has to agree with the transfer. If the employee does not provide his/her consent with the transfer to another job, he/she has the right not to work during the downtime period and to receive substitute performance of his/her wages at the minimum amount of 60% of his/her average earnings, according to the cause of obstacle.

For the employers, this means an inefficient expenditure of funds spent on employee wages, taking into account the fact that there is no production or provision of their services during such time. The employer does not produce and loses current and often also future orders. Employees, in the event of long-term obstacles, are in danger of termination of their employment made by the employer due to redundancy. [3]

3. MEASURES FOR MANAGEMENT OF OBSTACLES AT WORK

The most brash assumption is to ignore downtime altogether. Apart from the theoretical situation when there is no occurrence of downtime (a situation never yet seen in our process-engineering practice), the omission of downtime analysis is not a good idea. [2]

The solution of obstacles at work on employer's side consists of three levels:

3.1 Prevention of occurrence and subsequent reduction of the negative impact of work obstacle on employer's side

Any prevention is always cheaper than the subsequent treatment. We cannot say that by taking preventive measures the employer will prevent the occurrence of work obstacles. Work obstacles will actually occur, but the company will feel their impact less or not at all, since it will be sufficiently prepared for such events within the scope of its preventive measures. Agency employment has been the most widely used preventive measure against the fluctuations in sales and unused labour force in the world, as well as in the Czech Republic, for many years. The employer is actually purchasing services in the form of temporary agency workers and, in case of a drop in sales, the employer ceases to use or reduces this service or "returns" the workers back to the agency.

The employers can, for example, take the following measures to prepare for the negative impacts of downtime:

- stockpiling their own production and the necessary material - suitable prior periods of high sales, requires temporary human resource, mostly temporary or working agreements,
- preliminary finding and arranging a substitute supplier - a prerequisite of successful execution is the selection of a suitable backup supplier that would supply the material in the required quality, quantity and for adequate price, should the need arise,
- ensuring spare - backup machines, equipment and resources - for instance, the currently common purchase of spare (backup) machines, tools or parts in order to immediately replace defective parts or machines or to provide backup power sources for the duration of a power failure from the supplier (nowadays, the most widely used types are solar panels or diesel units).

3.2 Solution of an already existing work obstacle on the employer's side

For example, in unusually strong adverse weather conditions, when prevention fails and production facilities are damaged or the workplace is unsafe, one of the solutions is an immediate relocation of production of undamaged machines (including all employees, production equipment, other property, etc.) to a pre-arranged place within the scope of the preventive measures; if possible in another hall, plant, subsidiary/controlling company, where they have space and capacity prepared for these cases in advance, etc. If you cannot move the equipment (for example in case of smelting plants), then you can make the unused labour force available to your partner company, for example, as a temporary replacement for their specialists solving critical situations - maintenance workers, electricians, etc. The use of human resource is dealt with in Chapter 4.

In other cases of obstacles or downtime when the effects are not so critical, you proceed according to the concrete cause and duration of the obstacle. Every company should have a backup/emergency plan prepared for such a situation, with a list of obstacles by place of origin, responsible persons and internal procedures.

3.3 Analysis and drawing conclusions from the occurring obstacles on employer's side

The causes, the solution procedure and the consequences of obstacles must be evaluated, once they have been eliminated, and the relevant contingency plans should be updated and the people or groups responsible for the solution or occurrence of the obstacle should be sanctioned or rewarded. The management of the company should evaluate the measures applied (to what extent they were effective and whether they were sufficient), and evaluate the expenditure of funds for the event, etc. It is also advisable to ask yourselves a variety of relevant questions, for example: Was it possible to avoid the work obstacle? What other measures could have been used? Was it possible to further reduce the negative impacts resulting from the work obstacles? and other similar questions. The entire analysis should lead to a coherent conclusion, a kind of manual, according to which the company will proceed in the event of another, the same or similar type of work obstacle on the employer's side.

4. PROPOSALS RELATED TO THE USE OF FREE LABOUR FORCE

As already mentioned in Part II, of Chapter three, some work obstacles from the employer's side cannot be avoided (e.g. a natural disaster). Moreover, even obstacles where some kind of preventive measure can be set, these measures may not always be one hundred percent effective. It is therefore important for the employer to be prepared to deal with the situation as quickly and as effectively as possible. Given that these cases are usually also accompanied by a partial or total interruption of production, it is necessary, first of all, to solve the question of effective use of the workforce. Shorter-term work interruptions do not have such a negative impact on the costs or work morale if they are not repeated on regular basis. In the case of long delays, the main aim is to avoid the last resort solution - terminating employment contracts due to redundancy.

According to the Labour Code of the Czech Republic, in the event of occurrence of work obstacles on employer's side, the employer is obliged to provide the employees with a certain amount of substitute wage. That is why it is suitable to use the paid employees and to find them some kind temporary use in the form of another type of work. Although this solution will not remove the work obstacle on the employer's side, neither will the employer save wages, but this way, they can sort out some backlogs in the otherwise non-urgent and postponed areas of the company, without direct added value, such as stock-taking, cleaning warehouses and other spaces, etc.

Enterprises have more and more often been employing agency workers as the main work obstacles preventing measure due to a decline in sales. However, this article addresses only the potential use of existing employees and does not focus on the agency workers. The measures taken to deal with the occurrence of the long-term work obstacles from the employer's side include:

- "Kurzarbeit" according to the German model - This is an agreement between the state, employer and employee, where the employer cuts the working time of the employees at the time of work obstacles. This brings savings of labour costs and the loss of income of the employees is reimbursed by the state. This German model of Kurzarbeit was recommended by the representatives of OECD to other countries during the time of crisis. There is a logical fear from another economic crisis due to the significant reasons such as indebted European Union countries or repeating crisis of public finances in the USA. [5] According to the Secretary General of the OECD organization, it is also cheaper if you manage to keep the employees in the company (with the state support) to prevent their dismissal, even in times of economic crisis. [6]
- Relocation to other positions or tasks - the employer may temporarily relocate at least part of the staff to other departments, where production was not interrupted or where there are tasks not directly associated with the limited production.

- Temporary relocation of employees within the group companies or partner factories (supplier, customer) on the same or similar positions - such a solution is more realistic for large manufacturing groups or otherwise cooperating enterprises (e.g. clusters) and the assumption of its application is a prior agreement on such a bilateral cooperation. And, again, it requires the consent of the employee, because, among other things, it also affects the transport to a temporary job, or change of shifts schedule, etc.
- Learning and development of employees - modern human resource management is built on continuous learning and development of employees, so any free time the employees have may be suitably used for further education, whether it is training for a new position, new trends and practices in the field, or to extend or completely change his/her qualification.
- Shortening working hours or layoffs - Shorter working time was lavishly used especially in the times of the economic crisis. An undeniable advantage for employees lies in the fact that they can avoid being dismissed. [4] The employer can (for operational reasons) negotiate shorter working hours with the employees. However, the employees are entitled to lower salary/wage for shorter working hours. [3] The condition is, once again, the consent of the employee with shorter working hours. If the employee does not agree, the employer may give this employee a notice due to organizational reasons, pay his legal severance package or severance package agreed with the trade unions and accept a new employee who will find the part-time work suitable. [3] It is logical that the current problems with finding a job makes most employees accept the shorter working hours, hoping that the company will soon get back to its original level of production and their working hours will be extended again.
- Wages cuts, while maintaining the workload - is logically even less popular measure among the employees. A company can use it when the contract negotiated with the employee allows such a measure, relying on the loyalty of the employees for the time of decreasing sales. For these purposes, it is recommended to preventively set up at least part of the salary as variable, because the employer can easily use it, unlike in case of fixed salary. In practice, the situation could be such that the employees would do their "normal" work for part of the shift, and the rest of the shift would be dedicated to machine maintenance, cleaning the workshops, stock-taking, archiving (depending on the position), in short, to lower qualification jobs, for which they receive a reduced hourly rate (in the case of time rates) or flexible part of their wage. A change in wages (either in time rate or task-wage) with the eventual extension of work activities of the employees must be concluded in writing. Wages of employees cannot be shortened retroactively. [3]

5. DISADVANTAGES AND RISKS OF THE MEASURES

Before the management of the company decides to use some of the possible solutions of the existing work obstacle from the employer's side, it is advisable to consider their negatives. The benefits are obvious. The chosen solution must also respect the specifics of production, the length of downtime, the qualification of the temporarily unused employees, all that in compliance with applicable legislation. **Table 1** lists the disadvantages of various proposals.

Table 1 Suggested solutions of work obstacles and their disadvantages

| Measure | Disadvantages |
|--|--|
| Stockpiling your own production and the necessary material | Excess inventory always means higher storage costs and binds funds; some productions do not even allow long-term stockpiling with regard to the nature of materials and products (shelf life). |
| Preliminary arrangement of substitute supplier | "Substitute" suppliers always deliver material to their existing customers and unexpected demand can be dealt with later. Some buyers purchasing company products can insist on the quality of the original materials. Substitute supplier will be more expensive due to the smaller and temporary volume of contract. |
| Ensuring spare - backup machine, equipment and resources | Suitable (and common) only in mobile, cheaper production equipment (not realistic for metallurgical enterprises), temporary borrowing of machines, if possible, is usually more beneficial. |
| Relocation of workers to other workplaces within the company | The financial demands - additional work tools, training, selection of suitable candidates, suitable only for a partial restriction of production in the company, a plant with limited overall (the only) production usually does not have space for new applicants |
| Relocation within the group plants | Possible problems with transport, administration, training, longer social and work adaptation of the relocated employees to the new company. |
| Learning and development of employees | It requires a thorough preparation of the content and organization of such sudden educational activities to make them beneficial, otherwise they will be just another unnecessary downtime expense |
| Shorter working hours, layoffs | More demanding administration, risk of resignations in case of working hour cuts. In case of layoffs, they include financial severance costs, possible opposition of trade unions, and uncertainty of other employees. If the employer no longer has work for an employee during the two-month notice period, the employer must pay salary compensation for the notice period in the amount of average income and the severance package (1-3 average salaries). If production resumes during this time, there are further costs of recruitment and adaptation of a new employee, so it's a last resort solution, when the employer does not expected to use the position for several months. |
| Wage cuts, while keeping the same working hours | Without sensible explanation of the situation and its temporary character made by the management, it will cause de-motivation and leaving the company. It is beneficial to retain the wages of key employees (which leads to lack of motivation of others, if they find out). Management should lead by example and reduce their salaries and benefits as well. |

CONCLUSION

For maintain of competitiveness of steel companies in the fuure will be absolutely crucial ability to optimize cost, contingent upon knowledge of business processes [7]. Every employer not only from metallurgical industry should be prepared for the occurrence and solution of potential work obstacles on its side within the frame of risk management (but, of course, also for obstacles caused by the employee). The best option is to completely prevent their occurrence, or to minimize their impact. If they occur, the crisis management should take them into account to systematically remove them as fast as possible. It is necessary to perform their detailed analysis afterwards, to draw the appropriate conclusions from the situation and to set measures as the prerequisites of their prevention or their faster solution in the future. Unpreparedness for work obstacles

from the employer's side may have serious consequences for the company in terms of loss of de-motivated employees, unsatisfied clients or customers and, in the longer persistent or repeated problems with downtime at work, even the demise of the whole company. Apart from production constrains, the major issues related to work obstacles also include unused human resource. In such situations, the company needs to reduce the cost of all production resources and "switch off" what is not being use at the moment. But human resource cannot be switched off; neither can their costs be reduced at will, because they are protected by existing valid legislation. An employee is entitled to wage compensation in certain amount (60-80% of average income, depending on the specific type of work obstacle).

When choosing concrete measures (related to the issue of work obstacles of the employer), the company should consider all options, their pros and cons, the financial requirements and, last but not least, their impact on employees' motivation, because they have to agree with most of the measures.

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