

# Human resource management in austria commerce



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Due to assorted grounds such as the legislative model and the economic background, Human Resource Management ( HRM ) and employment relation systems show many fluctuations among different states worldwide. An analysis of different states may secure elaborate information being conducive to farther comparison these states with regard to their peculiar HRM and labour dealings system.

The intent of this essay is to sketch the chief features of the HRM and labour dealings system in Austria. Many issues have a high influence on the development every bit good as on the current phase of the Austrian HRM and employment dealings system. This paper is traveling to concentrate particularly on cardinal facets such as workplace representation, employee choice procedure and preparation and development, working clip ordinances, industrial struggles, every bit good as diverseness in the Austrian HRM system. These facets will supply the reader a widespread penetration into the HRM system in Austria.

Another issue, which is traveling to be covered, is the corporate bargaining system in Austria. The essay is traveling to sketch the cardinal features of the Austrian collective bargaining system and is traveling to reflect the chief developments in the system since 1980.

Finally, the terminal of this paper is traveling to turn to the most of import recent trends the Austrian HRM and labour dealings system have experienced ; in this context, the essay is traveling to concentrate peculiarly on the development of the trade brotherhood denseness being one of the most of import recent tendencies.

## 2 Key issues in the Austrian HRM system

### 2. 1 Definition of HRM

Harmonizing to Armstrong ( 2007 ) , “ Human Resource Management is defined as a strategic and consistent attack to the direction of an organisation ‘ s most valued assets – the people working there who separately and jointly lend to the accomplishment of its aims ” ( p. 3 ) . HRM involves different policies with respect to “ recruitment, keeping, wages, personal development, preparation and calling development ” ( Association for Project Management, 2006, p. 112 ) . In the following the cardinal issues related to the Austrian HRM system are traveling to be outlined.

### 2. 2 Workplace Representation

Workplace representation plays a important function within HRM due to the fact that it gives employees the chance to hold an influence on the determinations taken by the direction.

#### 2. 2. 1 Work Councils

In the Austrian HRM system, workplace representation takes topographic point through work councils. The work council ‘ s undertaking is to guarantee employee codetermination, to put up plants council understandings, to do certain that corporate bargaining contracts are met, and to back up the betterment of working conditions. Therefore, undertakings and rights are chiefly in the field of societal and employment instead than in economic or finance. ( Fulton, 2009a ) .

The basic demand for presenting a plant council in Austria is that the organisation counts at least five employees at workplace. In Austria, by and large talking, works councils are non really common in little concerns with less than 50 employees. ( Fulton, 2009a ) .

The members of the plants council are elected by the organisation ' s employees for four old ages. The chief requirement for being elected is that the employee has completed the 19th twelvemonth of age and has been employed for at least six month in the company. Every employee who is older than 18 old ages can take portion in the election, no affair what citizenship the employee obtains. If the work council counts at least four members, one of these members may be a representative of an external trade brotherhood. By and large talking, this is non really common in the Austrian workplace representation system. ( Fulton, 2009a ) .

In Austria, employee representatives have a really high influence on determinations which are made by the direction. In other words, this means that employee representatives may make up one's mind on any HRM-related issues, e. g. on choice trials and on employee wage. ( Muller, 2000, p. 71-72 ) .

Finally, the representation of employees in Austria is lawfully binding and the Labor Constitution Act, being the cardinal legislative passage in Austrian labour jurisprudence and modulating the work fundamental law, makes certain that the representation of employees is ensured. ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ) .

## 2. 2. 2 Trade Unions

By definition, “ a trade brotherhood is any organisation, whose rank consists of employees, which seeks to organize and stand for their involvements both in the workplace and society and, ( a^! ) , seeks to modulate employment relationship through the direct procedure of corporate bargaining with direction ” ( Salamon, 2000, p. 93 ) .

In Austria, similar to Germany, the trade brotherhood “ is a individual dominant alliance formed by a little figure of industrial brotherhoods ” ( Hollinshead, 2010, p. 110 ) . In instance of Austria, the Austrian Trade Union Federation A-sterreichischer Gewerkschaftsbund ( A-GB ) is the lone trade brotherhood alliance ; this, at the same clip, implicates that Austria belongs to those states with a really high degree of integrity. The A-GB, non being affiliated to any political party, was founded in 1945 and really counts more than 1. 2 million members. In add-on, the A-GB encompasses nine trade brotherhood affiliates. ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ) .

The A-GB ‘ s chief undertaking and duty is to stand for the employees ‘ political, economic, societal, and cultural involvements towards employers, parties, and the province. All actions conducted by the A-GB and its affiliates underlie the regulations and ordinances of the Austrian Labor Law. ( Traxler & A ; Pernicka, 2007, p. 210 ) . Besides the realisation of the employees ‘ involvements, the A-GB ‘ s and its affiliates ‘ chief undertakings besides encompass the realisation of monetary value stableness and economic growing, every bit good as the securitization and expansion of the societal

security. ( A-GB, 2003 ) . With respect to the undertakings and duties, the A-GB focal points on the involvements of all employees whereas its nine affiliates instead concentrate on stand foring a^zthe specific involvements of employees within their several rank spheres " ( European Foundation for the Improvement of Living and Working Conditions, 2009, August 14a. )

Within the past decennaries, the trade brotherhood construction in Austria has experienced a important procedure of restructuring. In the late 1990s, the A-GB counted 17 trade brotherhood affiliates. Due to several undertakings affecting the amalgamation of some of these affiliates, the figure of trade brotherhood affiliates has dramatically decreased. As already mentioned in the old paragraph, today the A-GB has nine affiliates.

( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ; Fulton, 2009b ) .

Besides this restructuring procedure, the A-GB has experienced some fiscal hurt which has extremely damaged the A-GB ' s repute. Consequently, trade brotherhood rank has experienced an one-year loss of about 1 % within the last old ages. Therefore, acquiring new members is one of the most of import precedences of the A-GB. ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ) . The inclination of worsening trade brotherhood denseness is traveling to be discussed in greater item in subdivision 4. 3.

## 2. 3 Employee Selection Process and Training and Development

Besides the manner workplace representation is handled in Austria, another of import issue to be mentioned is the procedure of how employees are  
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normally selected within a occupation choice procedure in Austria. The most common manner of enrolling new employees is to do usage of application signifiers and one-to-one interviews. ( Erten, Strunk, Gonzales, Hilb, 2004, p. 111 ) . One-to-one interviews are characterized by personal conversation affecting the interviewer and the interviewee.

Furthermore, with respect to the sum of money spent for preparation and development of its employees, it is mentionable that Austrian companies do non take at passing a batch of money on preparation and development issues. This observation applies to both the populace sector and the private sector, whereas there may be singular differences among different organisations. However, the importance of preparation and development has increased within the past resulting in a little addition in the value spent on preparation and development issues. ( Erten et al. , 2004, P. 111ff. ) .

## 2. 4 Working Time Regulations

By jurisprudence, the upper limit allowed on the job clip per twenty-four hours is 40 hours. In 2007, Austria introduced flexible parttime agreements ; since so working clip has been an issue to be dealt with in corporate bargaining. Even though Austria experiences an increasing use of the flexible part-time working system, approximately 50 % of all Austrian organisations do non do usage of this system. ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ) .

## 2. 5 Industrial Conflicts

Industrial struggles and work stoppages ensuing from these struggles besides play a important function within HRM. Harmonizing to von Eckardstein, Brandl, Maier, and Thurner ( 2008 ) , work stoppages are non really common in Austria ; this implicates that “ the figure and continuance of work stoppages in Austria is among the lowest in Europe ” ( p. 34 ) . The last singular work stoppage took topographic point in 2003 and involved more than 780000 employees. The ground for this work stoppage activity was the decrease of pension finacess through the authorities every bit good as the restructuring programs of the state-owned Austrian railroad system. ( Traxler & A ; Pernicka, 2007, p. 226 ) .

## 2. 6 Diversity in the Austrian HRM System

The Austrian HRM system is characterized by a comparatively low degree of diverseness, at least with respect to gender equality. Gender equality does non play an of import function within corporate bargaining understandings, and surveies have revealed that merely between 5 % and 6 % of all top direction places are taken by female employees. Taking these figures into consideration, the Chamber of Labor in Austria purposes at taking different steps and at implementing ordinances eventually ensuing in an increasing representation of adult females in top direction places. ( Adam, 2010, April 23 ) .

Besides a strong relationship to Germany, loosened mobility barriers and the procedure of globalisation have lead to a strong connexion between Austria and Eastern Europe. Many possible employees are taking at working in Austria ; Austria, in return, may profit from this tendency due to really low



labour costs. Hence, in order to remain competitory within the European market, Austria will hold to accommodate its HRM system pulling foreign employees to work in Austria. ( von Eckardstein et al. , 2008, p. 35-36 ) .

### 3 Corporate bargaining in Austria

#### 3. 1 Definition of Collective Bargaining

By jurisprudence, employees have the right “ to self-organisation, to organize labour organisations, to dicker jointly, and to prosecute in conjunct activities for intent of corporate bargaining ” ( Carrell & A ; Heavrin, 2007, p. 112 ) . In this context, corporate bargaining can be seen as a procedure in which brotherhood leaders, which represent a group of employees, negotiate with representatives of direction with respect to any term of employment. This may affect monetary value of labour, work regulations, single occupation rights, every bit good as direction rights and brotherhood rights. In instance of corporate bargaining, dialogues are done by a trade brotherhood besides referred to as labour organisation. ( Carrell & A ; Heavrin, 2007, p. 109 ) .

#### 3. 2 The Collective Bargaining System in Austria

In Austria, corporate bargaining chiefly applies to the private sector and takes topographic point on a multi-sectoral degree significance that bargaining is taking at the standardisation of employment-related issues within one industry. ( OECD, n. d. , p. 170 ) .

The corporate bargaining system in Austria instead focuses on quantitative facets such as working clip and wage than on qualitative issues like <https://assignbuster.com/human-resource-management-in-austria-commerce/>

preparation and development. As already mentioned, besides preparation and development, corporate bargaining in Austria does not extremely concentrate on gender equality issues either. ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ) .

However, the corporate bargaining system regulates the minimal current pay rate and the one-year addition in the minimal pay rate. ( Fulton, 2009c ) .

Even though, by jurisprudence, there is no minimal pay degree in Austria, this issue is negotiated within the corporate understandings. As of 2009, the overall minimal pay degree amounted to 1000 Euro ; in malice of this, the degree may be different with regard to the employee ' s age, occupation categorization, and period of employment. ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ) .

If an extension of the issues covered in the corporate bargaining system is asked for, the Federal Arbitration Board is responsible for publishing any extension. But due to the fact that in Austria about all countries are covered, a petition for an extension is not really common. ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ) .

Negotiations normally take topographic point between the brotherhoods, which represent the employees, and the Chamber of Commerce, which represents the employers. Very frequently different understandings for people with a different employment position are negotiated ; this explains the being of different trade brotherhood affiliates. ( Fulton, 2009c ) .

Corporate bargaining understandings are differentiated with regard to white-collar workers and blue-collar workers, industries, and company size, every

bit good as production method. In this context, white-collar workers are employees chiefly responsible for “ non-manual, commercial, proficient, administrative, non-technical, or office work ” ( European Foundation for the Improvement of Living and Working Conditions, 2009, August 14b ) . Blue-collar workers, on the other hand, are besides called manual workers. Their chief field of employment, amongst others, is within fiction, stuff handling, every bit good as care and fix. ( OECD, 2002, August 13 ) . Nevertheless, the Austrian HRM system tries to harmonise the dialogues for blue-collar and white-collar workers by presenting joint corporate understandings for both employee groups.

Corporate bargaining in Austria shows a inclination towards a decentralised system and an single payment system. This is represented by high differences with respect to the employee position and the pay puting within different sectors but besides within gender ensuing in a high gender wage spread. Harmonizing to Muller ( 2000 ) , even if Austria indicates a inclination towards a decentralized collective bargaining system, compared to other European states like Sweden it has non reached a really high degree of decentralisation so far. ( p. 77 ) .

### 3. 3 Tendencies of Corporate Bargaining in Austria

Besides sketching the chief features of the Austrian collective bargaining system, it is besides really of import to advert the tendencies the state has experienced with regard to corporate bargaining.

Until 1973 merely a limited figure of corporate bargaining issues had been covered. After 1973 many extra facets with respect to collective bargaining have been covered, for illustration pension strategies.

Until 1980, the Parity Commission for Pay and Prices had been responsible for modulating all issues sing corporate bargaining. The Parity Commission for Pay and Prices involved, amongst others, the Chamber of Labor and some delegates of the A-GB ; the Commission has become less of import in the 1980s. ( Traxler, 1999, December 28 ) . The ground is that Austria has experienced a tendency towards a so called “ organized decentralisation ” , intending that dickering undertakings have been handed over from higher-level bargaining parties to lower-level bargaining parties while maintaining control over low-level bargaining. ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 )

The importance of corporate bargaining has continuously increased within the last old ages ensuing in an increasing figure of corporate understandings and a really high degree of corporate bargaining coverage. The ground for the increasing figure of corporate understandings is that issues which have been regulated by the authorities so far are now included within the corporate bargaining system. Furthermore, industry sectors like wellness attention and the societal sector are now included within the Austrian collective bargaining system. The coverage of extra sectors is represented by a really high degree of corporate bargaining coverage in Austria being presently between 98 % and 99 % . ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ) .

Actually, Austria has ever been characterized by a really high degree of <https://assignbuster.com/human-resource-management-in-austria-commerce/>

corporate bargaining coverage. The degree of corporate bargaining coverage has already added up to more than 70 % in the twelvemonth 1960. ( Ochel, n. d. ) .

#### 4 Major recent tendencies in the Austrian HRM system

In the following the major recent tendencies in the Austrian HRM system are traveling to be mentioned. The writer is traveling to concentrate on and discourse in greater item the development of the trade brotherhood denseness in Austria being regarded as a the most of import major tendency in the Austrian HRM system.

##### 4. 1 Demand for Part-time Working Agreements

In Austria, the demand for parttime working understandings has continuously increased within the last decennaries. Figure 1 displays the development of parttime working from 2000 until 2009. Even though non outlined in the Figure 1, the demand for parttime working understandings has besides experienced an increasing tendency within the old ages prior to 2000. ( Statistik Austria, 2010a ) . Figure 2 displays the tendency of parttime working from 2000 until 2009 taking the separation between male and female employees into consideration. Figure 2 shows that, in general, the calling of female employees is more characterized by parttime working understandings than the calling of male employees. In add-on, the one-year addition in parttime working is higher in instance of female employees than in instance of male employees.

Figure 1: Part-time quota ( 2000 - 2009 ) in %

Figure 2: Part-time quota ( 2000 - 2009 ) in % ; Classified by gender

The ground for this development could be that adult females, in comparing to work forces, are still more responsible for child care and housekeeping and may eventually profit from parttime working understandings.

Furthermore, the debut of parttime working understandings particularly in subdivisions using a high part of adult females like the retail industry and cleaning companies may be another ground for the increasing tendency of female parttime employees. ( Statistik Austria, 2010b ) .

#### 4. 2 Womans in the Austrian HRM System

As already mentioned in the subdivision “ Diversity in the Austrian HRM system ” , the Austrian collective bargaining system does non cover gender equality, and the representation of adult females in direction places sums to merely 5 % to 6 % being a really little proportion. Additionally, the Austrian pay system shows high differences between the rewards of female and male employees bespeaking a high gender pay spread.

There may be different grounds for the place of female employees in the Austrian pay system. One ground could be that female employees are instead employed in subdivisions which are overall lower valued than those subdivisions male employees are chiefly working in. Furthermore, another account could be that adult females ‘ s competencies are, by and large talking, extremely undervalued compared to work forces ‘ s competencies ensuing in a high pay spread between both genders. Finally, as already mentioned in the old subdivision, adult females are still regarded as more responsible for child care and housekeeping than work forces. This implies <https://assignbuster.com/human-resource-management-in-austria-commerce/>

that overall adult females tend to take more parttime working understandings ensuing in a decreased sum of working hours. ( Adam, 2010, April 27 ) . In Austria, parttime working is still associated with little chances for promotion, with a low degree of making required, and with a really low degree of income. ( Scambor, 2003, p. 17 ) .

In order to turn to and to move against the job of the gender pay spread, the authorities every bit good as societal spouses have taken several steps. For case, different steps taken include awareness-raising runs launched by the A-GB and the Federal Ministry for Women and Public Employees, particular instruction and preparation policies, child care benefit strategies, every bit good as the addition of the figure of child care installations. ( Adam, 2010, April 27 ) .

In the terminal, due to the increasing consciousness of diverseness and the increasing importance of diverseness on a planetary degree within about every concern sector, it is necessary that the Austrian authorities and the societal spouses take certain steps in order to turn to the job of the bing gender pay spread in Austria and in order to accommodate their system to the European system.

#### 4. 3 Development of Trade Union Density in Austria

Trade brotherhood denseness compares the existent figure of employees within a trade brotherhood and the possible figure of employees ; the figure is normally given in per centum.

Since the 1980s trade brotherhood rank has decreased in about every European state. With respect to Austria, trade brotherhood denseness has already experienced a uninterrupted diminution since the sixties.

Harmonizing to Traxler ( 1998 ) , “ Austria ( has ) experienced one of the sharpest diminutions in the denseness of employed rank ” ( p. 250 ) . Figure 3 illustrates the development of trade brotherhood denseness in Austria, concentrating on the old ages 1990, 1995, 1999, 2004, and 2007. ( Adam, 2010, May 17 ) . The lessening of the trade brotherhood denseness is reflected in Figure 3 every bit good.

Figure 3: Trade brotherhood denseness ( 1990 - 2007 ) in % ; Percentage of employees

Harmonizing to Lesch ( 2004 ) , rising prices every bit good as the unemployment rate have a great impact on the brotherhood denseness within a specific state. ( p. 14 ) . In instance of an rising prices, employees aim at fall ining a trade brotherhood in order to “ support their existent rewards ” ( Lesch, 2004, p. 14 ) ; this is attributed to the trade brotherhoods ‘ chief duty in accomplishing higher rewards and in looking after better working conditions. On the other manus, an increasing unemployment rate has a negative impact on the trade brotherhood denseness every bit good. Other grounds for a diminution in trade brotherhood rank could besides be certain economic and structural alterations brotherhoods are non able to manage with or non able to accommodate to.

In instance of Austria, the chief cause for the diminution in trade brotherhood denseness is the long-run structural transmutation of the Austrian economic



system every bit good as the increasing unemployment rate, particularly within the fabrication sector and the public sector. ( European Foundation for the Improvement of Living and Working Conditions, 2009, October 26 ) . In the sixties and 1970s, the Austrian labour market was characterized by about full employment. But in the 1980s the unemployment rate continuously increased and reached 4. 3 % in the 1980s and even 6. 4 % in the timeframe from 1990 to 1997. Even if, in comparing to other European states, this rate is really low, the increasing figure of unemployed people has had a negative impact on the trade brotherhood denseness. ( European Foundation for the Improvement of Living and Working Conditions, 2009, August 14c ) .

Another really of import ground for a diminution in the trade brotherhood denseness could be that employees have non seen any inducements in fall ining a brotherhood. In Austria, employees are obliged to be a member in the Chamber of Labor. Due to this compulsory rank, workers already benefit from the basic services provided by the Chamber of Labor. In decision, a rank in a trade brotherhood may non be regarded as an inducement by many Austrian employees. ( Traxler & A ; Pernicka, 2007, p. 216 ) .

Therefore, it is of great importance to turn to this job of missing inducements and to concentrate on the inquiry what types of steps have to be taken in order to pull possible members to fall in trade brotherhoods.

The A-GB and its trade brotherhood affiliates have recognized the diminution of trade brotherhood rank and have realized the demand to implement certain schemes and steps in order to pull possible trade brotherhood members which will back up the addition of trade brotherhood rank. One <https://assignbuster.com/human-resource-management-in-austria-commerce/>

scheme that has been implemented is to concentrate more on the involvements of foreign workers by concentrating more on migrators ' involvements within the A-GB and the trade brotherhood affiliates. Another step taken is the increasing engagement of female employees in the trade brotherhoods. In the yesteryear, the proportion of adult females in trade brotherhoods was really low in comparing to male employees. In order to pull more adult females to fall in trade brotherhoods, sections concentrating on the adult females ' s involvements have been introduced in different trade brotherhood affiliates. In this context, a ordinance, which was implemented in 2006, states that the figure of female representatives within the A-GB and its affiliates is supposed to reflect the figure of entire female employees within the trade brotherhoods. In the terminal, another scheme pursued is that employee groups which have non been included in the Austrian trade brotherhood construction so far are now allowed to fall in trade brotherhoods. These employee groups include, for illustration, parttime workers, impermanent bureau workers, call centre agents, every bit good as dependent freelance people. ( Adam, 2010, May 17 ) .

## 5 Decision

After holding conducted the analysis on the Austrian HRM and employment dealingss system it can be concluded that many different characteristics like workplace representation, preparation and development, diverseness, and corporate bargaining qualify the Austrian HRM and labour dealingss system. In this context, cardinal features of the Austrian HRM and employment dealingss system encompass, for illustration, the workplace representation through work councils, the really low degree of industrial struggles in <https://assignbuster.com/human-resource-management-in-austria-commerce/>

comparing to other European states, the monopolistic trade brotherhood construction, every bit good as the extremely decentralized corporate bargaining system demoing a really high corporate bargaining coverage. Austria has besides experienced several tendencies within the last old ages, whereas the uninterrupted diminution in the trade brotherhood rank may be regarded as one of the major developments within the recent old ages. In the terminal, other states will, for certain, demo other features with regard to the scope of HRM-related characteristics. Therefore, this survey may function as a good footing for farther comparing the Austrian HRM system with other states ' systems.