

Employees 50+ in Czech Republic Today, in Times of Global Financial and Economic Crisis

Jiří Bejtkovský¹

Abstract: The Financial crisis has slowly moved from the USA to Europe and has influenced the Czech Republic as well. Some companies go bankrupt, others make their employees redundant. The question remains, which employees should be made redundant by the management, and which should be kept. The author of this article sees the advantage in keeping the employees 50+.

Keyword: Global financial and economic crisis, unemployment, employee 50+, personal know-how, experience.

I. INTRODUCTION

The global financial and economic crisis, which threatened not only successful companies, but individuals as well, is still the main topic for most news globally. Unless covered by a different event, financial crisis fills the headlines of the national press. [4]

Due to the crisis there are fewer commissions and companies' management needs to react on this negative situation. The situation resulted in shorter workweek, fewer working hours, redundancy of employees or even bankrupt of some companies.

If the management decided to make some employees redundant, they needed to decide, which employees should remain employed, for the company to be able to revive their activities after the crisis is over. By doing so, they should be able to survive in today's competitive environment.

The employees, that were not made redundant, should be experienced, capable, skilful, responsible, and loyal and they also should have broader view when dealing with conflicts and stress situations. In my opinion, employees 50+ are such employees.

II. IS AN EMPLOYEE 50+ AN ADVANTAGE?

A. Crisis and core personnel redundancy

If the management decided to let some of their core employees go, they may use various methods or take various vital criteria into account.

The following methods are used most often, when selecting employees to be made redundant [1], [2]:

1. LIFO Method (Last In First Out) – a method based on the fact, that those employees, that are with the company for a longer period of time, have greater moral right to stay with the company. The method is based on easily measurable principle – the length of employment. It is a very convenient method for the company, because the reason for letting-go is understandable and the company keeps the more experienced employees. On the other hand, the less experienced employees are usually the younger ones, which means the method can lead to demographic ageing of employees.
2. Personnel performance method – based on the principle, that employees with better performance have greater moral right to stay with the company. On the other hand, personnel performance measurement can be less objective and less transparent. This method can be used only in organisations, that systematically evaluate their employees and that have reliable measurements about their achieved performance.
3. FIFO Method (First In First Out) – the employees that are with the company for the longest period of time are made redundant. Such employees are usually employees 50+. [1], [2]

If the management decides to use the FIFO method, they need to realize, that by using this method they are letting go the experienced and loyal employees, who have personal know-how and who might help with revival of the company. Moreover, these experienced employees might be employed by another company that can be revived with their help, and with the help of their clients, customers and suppliers.

The company management might also consider retirement of their employees, when an experienced and loyal employee who is in the retirement age, can leave the company; or after mutual agreement he/she can work for the company as a consultant, mentor or trainer. By using this option, the company is not losing the key employees.

Each of the above mentioned methods has its advantages and disadvantages; therefore it is impossible to say, which one is the best one and the most suitable for an organisation.

Once the financial and economic crisis is over, for the company to revive they are going to need the employees that are experienced, responsible, hardworking and loyal. Such employees are employees 50+.

¹ Jiří Bejtkovský is with the Faculty of Management and Economics, Department of Management and Marketing, Tomas Bata University in Zlín, Mostní 5139, 760 01 Zlín, Czech Republic.

B. Strong points of Employee 50+

Based on empiric research we might generalize the characteristics of employees 50+ as follows:

- time flexibility;
- long-term experience;
- responsibility and loyalty to the organisation;
- professionalism, reliability, well-developed etiquette sense;
- personal know-how;
- experience (work-related and life);
- communication and presentation skills;
- willingness to help younger employees;
- "Bird-view" when solving conflicts and stress.

C. Possibilities for personal portfolio improvements for employees 50+

Due to the crisis most companies try to minimize not only the human resources expenses.

The employees 50+ need to become more desirable and irreplaceable for the company, and these characteristics can be more or less influenced by the employees themselves. Employees 50+ are rich in life-related and work-related experience, as well as in their personal know-how. However, for them to succeed in today's labour market, they lack the today's needed skills and abilities, such as:

- foreign languages;
- knowledge of information technologies;
- creativity;
- flexibility when changing the standard operating; procedures, methods or processes.

All of the above mentioned skills can be gained through training or further education. A very important thing is the ability and activity of the employees 50+. They need to be active in further self-development and self-education, because such an attitude can secure social prestige, admiration and acknowledgement for them.

III. CONCLUSION

The article is focused on the employees 50+ in today's world of global financial and economic crisis.

The result of this negative situation was a sudden decrease in commissions, which resulted in decreasing or cancellation of overtime hours, limitation of working hours, or shorter working week. The most extreme result of the negative situation was or still is making employees redundant or even companies going bankrupt.

Companies needed to or still need to decide which employees should be made redundant and which not.

The three most commonly used methods for selecting redundant employees are LIFO method, personnel performance method and FIFO method. Last but not least there is a possibility for the employee to retire.

Each method has its advantages and disadvantages; therefore it is impossible to decide, which method is the most effective one.

After the crisis is over each company will try to achieve the status that they had before the crisis and later on they will also try to improve their position in the market.

To achieve the best position in the market, the companies are going to need the employees who are experienced, have communication skills and ability to motivate and lead people, and who are also willing to help other employees.

Each employee is unique, but according to research we might generally say, that employees 50+ are typically the ones, who have the above mentioned abilities and skills, which are needed for company revival.

The personal know-how of a 50+ employee can be further improved by the employees themselves – by the means of self-education.

Even thou I was not able to acquire the exact figures of the age of the employees that were made redundant, I would not recommend the FIFO method to select the redundant employees, due to the financial and economic crisis and due to all the reasons mentioned above.

This contribution was written within the framework of the GA ČR (Czech Science Foundation) grant-maintained project: Reg. No. 406/08/0459, Developing Managerial Tacit Knowledge, and with the financial support of GA ČR.

REFERENCES

- [1] Armstrong, Michael. *Řízení lidských zdrojů: Nejnovější trendy a postupy*. 10. vyd. Praha: Grada Publishing, 2007. 800 s. ISBN 978-80-247-1407-3.
- [2] Koubek, Josef. *Řízení lidských zdrojů: Základy moderní personalistiky*. 4. vyd. Praha: Management Press, 2007. 400 s. ISBN 978-80-7261-168-3.
- [3] Štráfeldová, Milena. *Prof. Švejnar: to nejhorší v hospodářské krizi nás teprve čeká*. [online]. [cit. 2009-06-28]. Dostupný z WWW: <<http://www.radio.cz/cz/clanek/116340>>.
- [4] Newton Media. *Obraz hospodářské krize v České republice*. [online]. [cit. 2009-06-28]. Dostupný z WWW: <<http://www.mediainfo.cz/temata/1611.html>>.
- [5] Server alexandrondra.cz. *Hospodářská krize a její dopady na ČR*. [online]. [cit. 2009-06-28]. Dostupný z WWW: <<http://www.alexandrondra.cz/?item=hospodarska-krize-a-jeji-dopady-na-cr&category=uskutecnene-akce>>.
- [6] Server blesk.cz. *Finanční krize v ČR: Krachující firmy propouští zaměstnance*. [online]. [cit. 2009-06-28]. Dostupný z WWW: <<http://www.blesk.cz/clanek/servis-penize/100857/financni-krize-v-cr-krachujici-firmy-propousti-zamestnance.html>>.
- [7] Server i.podnikatel.cz. *Největší dopad krize? Museli jsme propouštět naše zaměstnance, hlásí v anketě HK ČR přes 40 % firem*. [online]. [cit. 2009-06-28]. Dostupný z WWW: <<http://www.ipodnikatel.cz/nejvetsi-dopad-krize-museli-jsme-propoustet-nase-zamestnance-hlasi-v-ankete-hk-cr-pres-40-firem.html>>.
- [8] Server liberecky.denik.cz. *Kvůli ekonomické krizi hrozí propouštění*. [online]. [cit. 2009-06-28]. Dostupný z WWW: <http://www.liberecky.denik.cz/zpravy_region/kvuli-ekonomicke-krizi-hrozi-propousteni20081003.html>.