

CHAPTER 2

TELECOMMUNICATIONS DEREGULATION AND PRIVATIZATION IN THE CZECH REPUBLIC AND AUSTRALIA

A Comparative Study of Česky Telecom and Telstra

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This chapter examines and compares the deregulation and privatization of telecommunications in the Czech Republic and Australia. It considers how management at the incumbent telecommunications companies (Telcos), Český Telecom (ČT) and Telstra responded to this changing environment. This included changing approaches to employment relations (ER) practices at both firms as they sort to reduce costs within more competitive environments. By comparing ČT with Telstra this chapter considers the extent to which historical factors associated with the former socialist system have constrained and/or influenced ČT's strategies vis à vis its Western based counterpart. It concludes that by 2005 telecommunications sector specific factors were having a greater influence on ČT's strategies than its historical context.

Česky Telecom (ČT)¹ and Telstra² provide excellent settings to compare employment relations (ER)³ in former government-owned telecommunications monopolies. Both had formerly been wholly state-owned enterprises (SOEs) that were induced to compete in more deregulated operating environments as their respective governments opened up their telecommunications sectors to competition. With total populations of approximately 10 million and 20 million people respectively, the Czech Republic and Australia also have relatively small populations, although Australia is far larger in terms of its physical size. Despite these apparent similarities the two countries have very different historical, political and economic backgrounds. Being located in the Czech Republic, ČT was formerly linked to a socialist political and economic system. Telstra in contrast is located in Australia, which has a long liberal democratic tradition. Comparing management strategies at the two firms therefore gives some insights into the extent to which the Czech Republic's former socialist past appears to have influenced ČT's strategies vis-à-vis Telstra. If major differences can be sheeted home to vestiges of this earlier socialist system, then telecommunications firms entering the Czech market need to be fully cognizant of this heritage. But if similar "Western style" strategies are being successfully introduced into both firms then it suggests that telecommunications sector specific factors—including new products, services, technologies and increasingly competitive markets—rather than historical factors are the main driving forces influencing ČT's ER strategies.

This chapter begins by outlining the methodology behind this research. It then discusses issues in the telecommunications sector and considers path dependency, path making and strategic human resource management (SHRM) issues. It examines and compares management strategies at ČT and Telstra and considers the importance of historical and contextual factors in influencing management strategies at the two firms.

METHODOLOGY

This research adopted a case study approach. The two firms were chosen for their ability to provide data that allowed for comparisons between Telco management strategies in an European Transition Economy (ETE) with those of Telco managers operating in a relatively affluent "Western" style liberal democracy. While a case study of only two firms limits theory testing, it does allow for the collection of rich detailed data on the telecommunications sector that can be used to build on previous research and theoretical perspectives on changing approaches to ER in the ETES. It further provides evidence that compares and contrasts how Czech ER

practices have changed since the initial transformation stages of the 1990s.

Between 1996 and 2005⁴ semistructured interviews were conducted with a broad range of stakeholders including past and present managers at Telstra and ČT, managers of associated and/or competitor firms, telecommunication consultants and trade union officials. Further interviews were also conducted on similar issues in neighboring countries to the Czech Republic. During interviews, particular attention was focused on decisions made by management in relation to:

- Strategic Human Resource Management (SHRM) issues—including work organization, training/skill formation, recruitment, employee retention and remuneration;
- Collective bargaining versus individual contracts;
- Organizational and workforce restructuring—including downsizing, outsourcing and the implementation of new technologies.

The interview data were supported, cross-checked and compared with data from a range of secondary sources including company annual reports; internal company reports supplied by ČT and Telstra managers; government reports; Supranational organizations—for example, International Labour Organisation (ILO), European Industrial Relations Observatory (EIRO) and World Trade Organization (WTO) reports; union documents; journal articles, theses, book chapters; newspaper and magazine articles; Internet and other electronic data sources.

Telecommunications Sector

Until the 1980s, Telcos in most industrialized market economies (IMEs) were fixed line public-sector utilities enjoying ‘monopolies’ in their home market. However, many IMEs subsequently deregulated their telecommunications industries, exposing them to competition (Katz, 1997; Ross, 2003). This process gained further impetus in the late 1990s when most WTO member countries committed to an agreement—the fourth General Agreement on Trade in Services (GATS) protocol—that ensured competition within their telecommunications sectors (WTO, 1998). Induced to compete in the market place, these former monopolies then had to change their corporate culture towards a commercial outlook. Many Telcos subsequently embarked on international acquisitions and/or entered into global alliances in order to better meet the challenges of this new environment—for example, to share costs associated with R&D and the introduction of new technologies. To reduce costs, incumbent fixed

line Telcos engaged in downsizing strategies supported by new technologies and work practices, outsourcing agreements and strategic alliances (Ross, 2003).

Telco organizational restructuring strategies were further linked to rapid technological change, as the plethora of new products and services entering the market required Telcos to act quickly in order to stay ahead of—or at least match—their competitors. For example, mobile telephone technologies created a substitution effect as voice traffic increasingly shifted from fixed to mobile service providers. This substitution effect was particularly pronounced in Eastern European countries, which had relatively low fixed line penetration rates under former socialist regimes. Between 2000 and 2006 the number of fixed telephone lines in the Czech Republic fell by 26%, with increased mobile phone usage given as the main reason for this decline (Willoughby, 2006). Tremblay (2002) considers that changing technologies, products and services in the telecommunications sector are leading to new forms of work organization and career patterns that better fit the demands of knowledge-based economies. This includes the emergence of “nomadic” workers, who may increasingly gain skills that allow them to build career “capital,” rather than career paths within the one firm (p. 7).

Path Dependency, Path Making and Strategic Human Resource Management (SHRM)

Some researchers suggest that the concept of HRM originated in the United States and that many Western human resource management (HRM) practices are essentially derived from U.S. concepts and culture (Greenwood, 2003, pp. 268-269; Mills, 1998, p. 178). Given this Western context, path dependency theories consider that historical and institutional factors within the ETEs may limit the ability to introduce Western style human resource (HR) practices into countries such as the Czech Republic (Bandelj, 2003; Hausner, Jessop, & Nielsen, 1995, pp.136-138). Researchers have argued that the free market “triumph of capitalism” approach to the fall of communism, whereby the collapse of the former regime led to an institutional vacuum that could then simply be filled with Western management concepts and practices, presents an overly simplistic view of events (Hausner et al., 1995, p. 6). Rather, they suggest that historical institutional practices, that were built into the system over time, tend to re-assert themselves even if they lead to suboptimal performances at both the macroeconomic and micro- (firm) levels (pp. 5-6). Put simply, the old order tends to reassert itself. Lamberg and Parvinen (2003) link this concept of path dependency to strategic

management theories by considering how historical decisions and contexts impact on current strategies (pp. 551-552). Differing local institutions—including laws, regulations and customs—may therefore lead to different HR strategies being implemented among various countries (Harzing & Ruysseveldt, 2004, p. 61). Taylor, Beechler, and Napier (1996) consider this idea from the perspective of context specific and context generalizable HRM competencies, with the former being confined to local contexts while the latter may be usefully exported across different countries and cultures (p. 964).

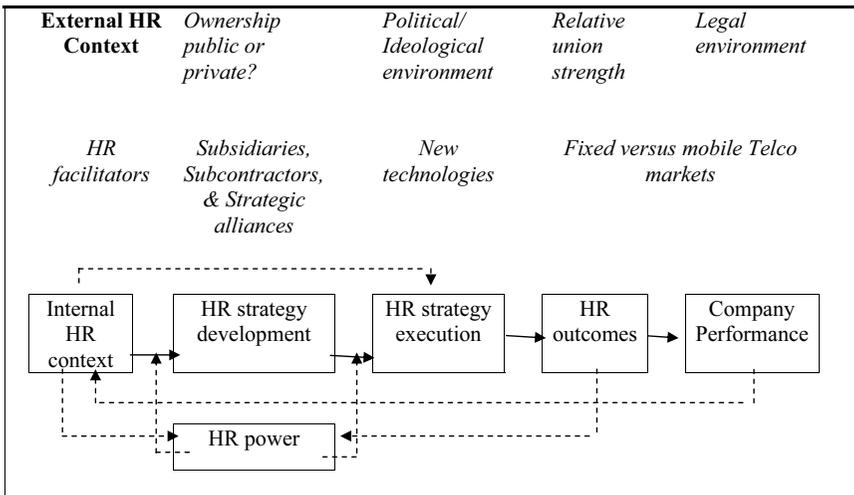
Research on Czech ER practices in the early 1990s supports the premise that vestiges of former socialist institutions and practices influenced and/or limited the diffusion of Western style HRM practices (Clark & Soulsby, 1995; Koubek & Brewster, 1995; Mills, 1998; Soulsby & Clark, 1996; Tung & Havlovic, 1996). But the ETEs are dynamic environments and by 2005 many younger workers had little recollection of the former political and economic system. The Czech Republic's admittance to the European Union (EU) in 2004 also signaled that it had moved towards a more mature post-transition economic and political system. Entry to the EU along with the forces of globalization have also encouraged a shift to a more strategic ER perspective within the ETEs through increased competition, changing markets and the diffusion of new technologies (Ross, 2006b). Intuitively this suggests a shift from path dependency toward path making, as ETE managers increasingly break free of former socialist attitudes and institutions and shift towards a more SHRM approach to ER.

SHRM approaches have been associated with the decentralization of collective bargaining and the development of the HRM function—changes that have occurred in the telecommunications sectors of both the Czech Republic and Australia (Bamber, Shadur, & Simmons, 1997, p. 123; Katz, 1997; Ross, 2003; Ross, 2006a; Storey, 1992). The SHRM viewpoint was further influenced by the resource view of the firm. If managed properly, workers could be trained into valuable, rare, nonsubstitutable and difficult—or costly—to imitate human resources that provided the firm with a sustainable competitive advantage (Gannon, Flood, & Paauwe, 1999, p. 42).

Critics of the SHRM perspective argue that if the major industrial relations parties are limited in their actions by external operating environments there can be relatively little scope for managers to exercise strategic choice (Hyman, 1987). But Debrah (1994) counters that the interaction between managers and the changing external environment is an integral part of management strategy and decision making (pp. 49-55). Far from acting as a constraint, the external environment provides a changing dynamic context within which differing strategic choices can be made. Debrah further states that “HRM processes and outcomes are

determined by a continuously evolving interaction of environmental pressures and the responses—including, choice and discretion—of employers, unions and government” (p. 53). This suggests that the ETE’s changing political and economic contexts may provide opportunities for HRM practitioners to better contribute to corporate decisions. Likewise, the deregulation of the Australian labor market arguably allowed local Telco managers to take a more strategic approach to ER, albeit a more unitarist orientation (Ross, 2003). Thus the strengths and weaknesses of SHRM reflect its conceptualization of management’s roles. In the SHRM paradigm ER becomes more integrated into the overall objectives of the firm. Rather than being reactive, management takes the initiatives in ER policy and moulds it to better achieve corporate objectives. Its weaknesses, however, include the limitations placed on management by the external context within which the firm operates.

Figure 2.1 integrates Zupan and Kaše’s (2005) conceptual model of SHRM policies in ETE firms (p. 894), with an earlier Telco ER model developed by the researcher that includes constructs which influenced Telco management strategies in Australia and New Zealand (see Ross, 2003). In line with much of the SHRM literature, Figure 2.1 links HR outcomes to company performance (see also Burack, Burack, Miller, & Morgan, 1994; Kogut, 1991; Martell & Carroll, 1995). The model considers the external and internal context of the ETEs and how these



Source: Developed from Zupan & Kaše (2005, p. 894) and Ross (2003, 2008).

Figure 2.1. Conceptual SHRM model for Telcos in ETEs.

influence the ability of firms to implement Western style SHRM practices. External factors include “HR facilitators” such as external information, knowledge and resources that are available to help facilitate the implementation of SHRM practices (Zupan & Kaše, 2005, p. 895). For example the existence of HR orientated professional organizations and the proliferation HR tertiary courses in ETEs such as the Czech Republic. Other external factors include, firm “ownership” (public or private?), the “political/ideological environment,” “relative union strength,” the “legal environment,” outsourcing to “subsidiaries, subcontractors and strategic alliances,” the introduction of “new technologies” and “fixed versus mobile Telco markets.”

Zupan and Kaše (2005) differentiate between strategy development and strategy execution. They conclude that HR strategy execution tends to be weak in ETE firms because HR departments are often not linked into overall company strategies (pp. 895-896). This concurs with earlier research on the role of HR departments in the Czech Republic (Tung & Havlovic, 1996, p. 6). The model links this problem to HR power, which is defined as “both the presence and quality of HR strategy development” (Zupan & Kaše, 2005, p. 896). Low HR power therefore reduces the effectiveness of SHRM policies in ETE firms, which implies that the execution of HR strategies may not gain the intended results. This in turn may negatively impact on company performance (see Figure 2.1). The chapter therefore uses the external and internal factors outlined in the above model to assist in the analysis and comparison of ER strategies at ČT and Telstra.

Česky Telecom (ČT) and Telstra

Český Telecom (ČT)

Table 2.1 outlines a chronology of the deregulation of the Czech telecommunications sector. The forerunner to ČT was an SOE under the former Czechoslovakian socialist government. Following the Soviet model for economic development, this government neglected service industries, such as telecommunications, in favor of heavy industry (Michalis & Tackla, 1997, p. 89). Former ČT managers advised that money and materials were also regularly skimmed off from the firm and directed to the military. High ranking party officials were also linked to special telecommunications lines that allowed them to bypass the public network, which had become severely run down (Interviews with former ČT managers, 2004-2005). By the early 1990s the waiting list for fixed line telephones in the Czech Republic had grown to approximately 600,000 applications with a penetration rate of around 15% of the population (McClune, 1999; Michalis & Tackla, 1997, p. 89; Interviews with former ČT managers, 2004-2005). Interviews

suggested that under the socialist system it was easier to get fixed lines connected in new estates, as the SOE was required to build new telephone exchanges. However waiting lists in older established areas could be up to 20 to 30 years old, with little likelihood of an eventual connection (Interviews with former ČT managers, 2004-2005). Governments in the post socialist era therefore recognized the need for sector reform.

Following the creation of the Czech Republic in 1993, postal and telecommunications services were split, with a new SOE, SPT Telecom assuming responsibility for telecommunications. However, SPT Telecom's mobile telephone services were shifted to a joint venture firm, EuroTel. In 1994 the Czech government partially privatized SPT Telecom and then sought a strategic international investor to provide capital investment and introduce new technologies and managerial skills. The following year the government awarded this tender to a European Telco consortium, TelSource, which purchased 27% of the firm's shares (Michalis & Tackla, 1997, p. 93). TelSource was required to modernize the network and by the late 1990s the fixed line penetration rate had risen to 37% of the population (McClune, 1999). However, in 2003 TelSource sold its stake in ČT, as members of the consortium consolidated their operations elsewhere in Europe (Interview with former TelSource manager, 2004).

SPT Telecom faced the prospect of the full deregulation of the Czech telecommunications market in 2001. In response it engaged in a major marketing campaign, which included changing its name to 'Český Telecom' (McClune, 1999). The Czech government was required to fully privatize ČT as part of the guidelines for its admittance to the EU. Interviews with former ČT managers and more general conversations with Czech colleagues, suggested that there was some resistance from the general public to the proposed sale. In particular people were worried that the new owner would engage in asset stripping and "tunnel" the money out of the country. This had been a common problem during the initial privatization drive in the early to mid-1990s (see Ross, 2006a). Despite these concerns, in 2005 the Czech government sold its remaining shares to the Spanish Telco, Telefonica, for €2.7 billion (see Table 2.1); the offer was well above market expectations (Bouc, 2005, p. A12).

Following deregulation ČT remained dominant in the Czech fixed line sector. Its main competition included relatively small firms in niche areas and the loss of voice traffic to mobile phones; although its subsidiary, EuroTel, consistently gained around 40% of the mobile telephone market. As outlined above, the relatively low fixed line penetration rate created a substitution effect as customers opted for a mobile telephone rather than waiting to get a fixed line connected. Mobile telephone tariffs in the Czech Republic were also relatively low and compared favorably to fixed line rates, which were often timed. By 2005 ČT was focusing on the sale of

Table 2.1. Chronology of ČT

<i>Year</i>	<i>Event</i>
1990	SPT Praha (Správa pošt a telekomunikace Praha (SOE responsible for Czech region); SPT Bratislava. (Správa pošt a telekomunikace Bratislava (SOE responsible for Slovak region)
1990	EuroTel Praha Joint venture signed between the Federal Ministry of Post and Telecommunications and U.S. West International and Bell Atlantic Inc. for the provision of a cellular network
1992	Limited competition introduced into some telecommunication services, such as the sale, installation and maintenance of terminal equipment.
1993	Former Czechoslovakia split into Czech and Slovak Republics; SPT Praha split into two new SOEs: Česká pošta (responsible for postal services); SPT Telecom (responsible for telecommunications services). SPT Telecom inherits a majority (51%) ownership of EuroTel Praha
1994	SPT Telecom vouchers distributed in 1994.
1995	SPT Telecom vouchers converted into shares; SPT Telecom becomes a joint stock company listed on the Prague Stock exchange; Government seeks an international “strategic investor;” Swiss Dutch Consortium, TelSource, ¹ wins government tender and buys a 27% stake for US\$1.45 billion; Government retains a majority 51% share ownership.
1996	Two new mobile Telco licences granted to new competitors.
2000	SPT Telecom renamed as “Český Telecom” on January 1, 2000
2001	Czech telecommunications market becomes fully open to competition.
2002	Government rejects offer for the sale of its remaining 51% stake
2003	TelSource consortium member sell their shares in Český Telecom in December 2003
2005	Government accepts offer from Telefonica for its remaining 51% stake: Český Telecom becomes 100% privatized firm.
2006	Český Telecom renamed as O ₂ ; EuroTel absorbed into core firm on September 1, 2006

Note: 1. TelSource was a consortium of PTT Telecom Netherlands and KPN telecommunications; along with a minority partner Swiss Telecom and a non equity partner, AT&T.

Sources: Michalis & Tackla (1997, pp. 89-102); McClune (1999); Red stars.com (2000); Euroweek (2002); Bouc (2005); Telefonica Press Releases (2006); Interviews with ČT & TMCZ (2004, 2005).

broadband data services, where it considered it had a competitive advantage over mobile services. In 2006 Telefonica changed ČT's trading name to O₂ and integrated the subsidiary EuroTel back into the core firm.

Telstra

Table 2.2 outlines a chronology of the deregulation of the Australian telecommunications sector. In 1989 Telstra was corporatized by the Australian Labor Party (ALP) federal government and required to operate on a more commercial footing. This included providing dividends to its owner, the federal government, raising its own investment capital and paying taxes (Evans, 1988, pp. 7-22). In the early 1990s the ALP government then introduced limited competition for fixed line and mobile telephony services (Brown, 1996).

Despite these initial reforms this ALP government remained opposed to the privatization of Telstra. This opposition reflected at least three considerations. First, Telecom's universal service obligations required it to provide customers with reasonable access to telephone services throughout Australia. Talk of privatizing Telecom inevitably provoked a voter backlash from regional and remote areas, with people concerned that a privatized firm would give a lower priority to less profitable and/or uneconomic services. Second, left-wing factions of the ALP and the unions were opposed to any sale on ideological grounds. Unions feared that privatization would lead to redundancies and the potential loss of members. Third, because Telstra continued to pay substantial dividends to its owner, the federal government, many commentators argued against selling off a seemingly successful and profitable SOE.

Despite these objections the incoming 1996 conservative coalition⁵ government made no secret of its preference for Telstra to operate on a more commercial basis. In 1997 Telstra was partially privatized—one third of its shares sold to the public (Australian National Audit Office [ANAO], 1998) — while the telecommunications sector was opened up to full competition. In 1999 the coalition government sold a further 16.6% of Telstra shares, leaving it with a 50.1% majority ownership (ANAO, 2000). In 2004 the coalition government was reelected and won a majority of seats in both houses of the Australian parliament. It then passed legislation in 2005 allowing for the future full sale of the government's remaining majority share ownership. In this regard in 2006 the federal government sold 35% of Telstra shares, while the remaining 17% of Telstra shares were transferred to the Federal government "Future Fund"⁶ to be sold down over time. By 2006, therefore, Telstra was in majority private ownership.

In contrast to ČT—where mobile telephony services were hived off to a newly created firm—Telstra retained control of both its fixed and mobile

services within its core firm. Telstra's fixed line services face similar challenges to ČT, in that voice traffic is shifting to mobile telephones. This is of particular concern for Telstra as most Australian homes have traditionally had a fixed line connection, with local calls providing the firm with some of its highest profit margins. In line with fixed line providers worldwide—including ČT—Telstra's strategy has been to place greater emphasis and investments in broadband and data services. But these are highly competitive markets with lower profit margins. Telstra's mobile phone division has provided increasing revenue for the firm, but again this is a far more competitive market than for fixed line calls.

Table 2.2. Chronology of Australian Telecommunications Sector

<i>Year</i>	<i>Event</i>
1901	Postmaster General's Department (PMG) established.
1946	Overseas Telecommunications Commission (OTC) established monopoly on international calls.
1975	PMG divided into "Australia Post" and "Telecom Australia" monopoly on provision of telecommunications services throughout Australia.
1981	Aussat established monopoly on domestic satellite operations.
1989	Telecom Australia is corporatized.
1992	Limited competition Optus begins operations.
1992	Limited competition Vodaphone granted a licence for mobile telephone services.
1992	Telecom Australia merged with OTC to become the Australian and Overseas Telecommunications Corporation (AOTC)
1993	AOTC renamed Telstra
1997	Telstra partially privatized one third of its shares sold to the public.
1997	Cable and Wireless becomes majority owner of Optus
1997	Telecommunications sector deregulated open to full competition.
1999	Federal government sells a further 16.6% of Telstra's shares.
1999	Federal government retains 50.1% majority ownership of Telstra.
2001	SingTel purchases Optus as a wholly owned subsidiary.
2005	Federal government passes legislation for the sale of its remaining 51% majority ownership of Telstra.
2006	Federal government sells a further 35% of Telstra shares; Remaining 17% of Telstra shares are transferred to the Federal government "Future Fund" and will be sold down over time.

Sources: Telstra annual reports; Brown (1996, p. 3); Haynes (2006).

Employment Relations (ER) Strategies

Organizational Culture

During the initial transition stage in the early to mid-1990s the culture at ČT remained linked to its socialist SOE past. Interviews suggest that managers, who were formerly linked to the Czechoslovakian communist party, still maintained their government connections and retained influence within the firm. Clark and Soulsby (1999a) concur that during the economic transition period these extended personal networks remained an important component of Eastern European management (pp. 159-184). Interviews also elicited a degree of frustration with political processes and a perceived lack of transparency in government decisions in relation to ČT. This included allegations that successive governments continued to appoint high level jobs within ČT on the basis of political connections rather than telecommunications experience and expertise.

ČT managers spoke at length about the problems that older workers had in changing from the former socialist era mindset towards a more market orientated approach. In this regard older employees often lacked initiative and would not take responsibility for their actions. This accords with earlier research that describes how managers under the previous economic system “were administrators of instructions” (Koubek & Brewster, 1995, pp. 224-225), with little room for personal decision making and responsibility. Interviews infer that ČT increasingly targeted older workers for redundancy, as part of a strategy to change this corporate culture.

Telstra’s organizational culture during the early 1990s exhibited some similarities with that found at ČT. During its long history as a government monopoly it had operated with a bureaucratic, hierarchical structure. In the late 1980s Telstra’s ER policies and workforce structure reflected this public sector background. This included a large and stable workforce, relatively low employee turnover and high unionization rates. In 1990 Telstra employed around 87,000 permanent staff and the average years of service for its workers was almost 13 years⁷ (Telecom, 1990, pp. 153-171; Interviews with CEPU, 1998).

Following corporatization in 1989, Telstra attempted to shift its work practices towards a more commercial orientation. However many Telstra managers were inexperienced in organizational change and lacked effective communication skills. Given Telstra’s long history as a public-sector organization, its managers also faced entrenched worker attitudes. In contrast, Telstra unions were relatively strong and retained considerable loyalty from their members. Management then found itself ill prepared for the subsequent industrial disputes in which they became embroiled. In response, Telstra entered into an agreement with the unions that led to the adoption of a “participative approach” with the unions. Senior managers

hoped that greater participation with the unions would produce a “win-win” situation for all stakeholders. But the unions and Telstra managers differed in their interpretation of this approach and both sides remained unhappy with its implementation. The election of the federal conservative coalition government in 1996 and the partial privatization of the firm heralded its demise. Telstra then entered a new ER phase that saw it move towards a more unitarist approach that excluded unions from the decision-making process. This shift was in part a result of its new operating environment that included a new conservative government owner and further labor market deregulation. The assertion of managerial prerogatives also reflected a changing mindset on the part of senior Telstra managers. Anecdotal evidence further suggests that as with ČT, Telstra targeted older workers for redundancy and favored hiring younger non-unionized workers who were less conditioned by the former public sector work ethos.

Strategic Human Resource Management (SHRM)

In 2001 ČT hired a Czech national who had formerly worked as a HR executive in a large multinational corporation (MNC) based in the United States. ČT’s goal was to hire somebody with experience in Western HR processes who could reorganize HR operations at ČT to better meet the demands of a soon to be privatized firm. The HR department subsequently re-engineered its work practices. This included changing many of its HR processes and training programs into electronic format and shifting more HR procedures to line management. The HR department was streamlined and between 2002 and 2005 the number of workers in the section was reduced from 420 to 105 employees (Interview with ČT, 2005). This accords with SHRM literature that suggests a link between downsizing, delayering and the decentralization of HRM functions (see Gennard & Kelly, 1997; Martell & Carroll, 1995, p. 255).

ČT’s HR department took on a more strategic role as its new goal became “to add value to line management” (Interview with ČT, 2005). Under this model the HR department was a business partner for the rest of the firm that would assist other sections to achieve their goals. This new strategic role was in contrast to its previous personnel management type function. HR managers advised that the department attempted to align its strategies with the following four organizational strategies:

1. creation of a customer service culture—in 2003 the firm created its first separate marketing department;
2. increased cost cutting and profit orientation;
3. improved product development and associated increased speed to the market;

4. organizational restructuring in line with the above.

Despite these goals, ČT managers spoke at length about the problems inherent in trying to shift the firm towards a customer service culture and to impress cost cutting imperatives on to staff. Many of these problems were linked to the former Czech SOE culture. This implied that local contextual issues were still providing some challenges for ČT's SHRM policies.

Telstra also hired a new director of human resources from the external labor market to assist in changing the organizational culture and orientation of the firm. In particular Telstra wanted to shift the firm from a technical to a customer focused outlook. The new director was appointed the mid-1990s and brought some associates with him from his previous job where he had challenged the role of unions at the firm "Comalco," which was an Australian subsidiary of the U.S. based MNC, Rio Tinto (RTZ-CRA) (see McDonald & Timo, 1996; Interviews with CEPU, 2002). Within Telstra the new human resources director and his associates became known as the "Comalco Mafia" (Interviews with Telstra, 2002). Telstra's new senior ER managers took the view that the ER section contained too many entrenched attitudes that were not conducive to organizational change, and consequently many long term Telstra ER managers were targeted for redundancy (Interviews with Telstra, 2002). This streamlining of the ER section has similarities to ČT's above policies.

Telstra's ER personnel distanced themselves from the day to day ER issues of individual workers, as the section assumed a more strategic and advisory role that provided specialist advice to line managers (Interviews with Telstra, 2002). As with ČT, Telstra then implemented many of its ER changes through their lowest management level, the team leaders. This delegation of greater ER responsibilities to line managers meant that they were the main contact point for their staff in relation to general ER issues and problems. For example, workers that had complaints about their pay were forbidden to contact the payroll section directly. Rather they were required to approach their immediate manager who would then contact the payroll section and resolve the issue on the worker's behalf (Interviews with Telstra, 2002). Telstra also released new organizational principles which specified that ER issues were not to be delegated to third parties, such as unions (Barton & Teicher, 1999a, p. 26).

Training

ČT managers advised that training had taken on a more strategic role. To begin, an analysis of any training activity started with the analysis of the overall company strategy. The role of the HR department was to link HR training programs to company strategy and transfer these programs

into other ČT departments (Interview with ČT, 2005). One senior HR manager advised, "We are trying to make sure in training that we don't train only the skills that are needed at the moment but we are trying to see where we are going to be in 6 months or a year." This again accords with a SHRM approach to ER. In this regard ČT concentrated its training on marketing and sales, as these areas were seen as being vital for the firm's future success (Interview with ČT, 2004). The need for such training was heightened by the Czech Republic's previous socialist economy, which did not allow for the development of such skills. ČT also engaged in extensive training of line managers in HR processes to allow them to take greater responsibility for this area (Interview with ČT, 2005). In contrast to the expansion of sales and marketing training, ČT reduced its technical training programs. This was linked to the firm's goal of eventually outsourcing much of this work.

A further distinguishing feature of ČT's training strategies was a relatively high emphasis on e-learning. In 2005 the firm provided around 100 e-learning courses for its staff, with about 60-70 courses created in-house and the rest purchased from other companies and/or from abroad. Advantages of this approach included cost effectiveness and the fact that most ČT workers had access to a computer; a situation that was less common in other Czech firms (Interview with ČT, 2005). Easy access to these courses also facilitated the demands for new skills and continuous learning often associated with the changing nature of work (see Coates, 2002, p. 2). ČT managers advised that the firm first developed e-learning courses for legal type issues, such as state and company regulations, before developing sales and marketing courses for new products and services; the latter being the main focus of the company. E-learning then became better aligned with overall company strategies.

Telstra also shifted its training orientation towards customer service focused programs. This was in line with its shift from a technical to a customer based orientation that focused on sales revenue (Interviews with Telstra, 2000). Telstra also had a history of supporting employees to complete higher education programs. This support included time off from work and other allowances. Prior to the 1990s the study programs undertaken by these workers were not always related to the telecommunications industry (Interviews with Telstra, 2000). This was in line with the public sector type arrangements at that time. However, during the 1990s support for study programs became linked to business drivers, such as how will this study help the business? (Interviews with Telstra, 2000). Thus tertiary training became more specific to the needs of the firm. More generic training, such as basic computer skills, was outsourced to specialist training firms (Interviews with CEPU, 1999). Training at Telstra, therefore, shifted from broad based, comprehensive training towards a narrower,

job-specific focus, as broad based training is expensive and workers can more easily leave and use their wide skill base elsewhere.

Prior to the 1990s Telstra was one of Australia's leading trainers of tradespersons and it trained apprentices in skills that were not always directly related to telecommunications. Some former Telstra managers suggested that the federal government saw SOEs, such as Telstra, as playing a significant role in providing apprenticeships to help upgrade the skills of the Australian workforce. However, during the 1990s this comprehensive large-scale in-house training was phased out. In its place Telstra either outsourced this work or recruited workers from technical colleges, where they had already gained some generic technical skills. Upon employment at Telstra workers would be taught the specific skills required to perform their job, such as how to use a particular piece of machinery or equipment (Interviews with Telstra, 2000-2002).

Workforce Restructuring, Outsourcing and Downsizing

During the period of economic transition Czech SOE managers were required to "reduce employment levels, output, product-range and social-welfare functions in order to focus on core activities" (Clark & Soulsby, 1999b, p. 549). ČT subsequently engaged in extensive downsizing programs linked to new cost-cutting financial imperatives. ČT employed external independent consultants to assist in workforce restructuring strategies, as it was felt that many older managers could not be relied upon to give objective assessments on areas within the firm that could be downsized and/or outsourced. This again reflected the previous culture under the socialist system, when large numbers of workers were essentially artificially employed to soak up employment (Soulsby & Clark, 1998, pp. 82-83). Between 1997 and 2005 workforce numbers at ČT were cut from 25,000 to 9,000 employees, while a further 2,000 mostly technical jobs were scheduled to be cut during 2006 (Cowhey & Klimenko, 1999, p. 23; Interviews with ČT, 2005).

Job cuts were achieved by centralizing activities, increasing productivity through new technologies and work practices, and outsourcing. Downsizing was further linked to business process reengineering (BPR) concepts, as the firm examined why they were performing various tasks and questioned whether they were still necessary and/or could be better performed outside of the firm? A "transformation" division was created to design and facilitate these organizational changes. By 2002 the network was fully digitized and the firm switched its focus to marketing and sales, which was then considered to be core business (Interview with ČT, 2005). Work that was not linked to these functions was considered for outsourcing. These functions were divided into "asset management," which included generic work such as

security, catering and transport, and “network maintenance,” which included work performed by ČT technicians.

Long term workers found downsizing decisions difficult to accept. Under the former command economy SOEs had provided jobs for life, so many workers had difficulties with the concept of an independent career outside of the firm. HR managers advised that ČT offered courses for workers facing redundancy that would allow them to gain new qualifications that would better prepare them for a job either outside of the firm or in another area within the firm—for example shifting from a technical orientation to marketing or sales. But many workers refused to believe that a company where they had worked for 20 years would sack them. This “retreat” strategy—where employees attempt to maintain the status quo (Dif, 2004, p. 314)—was understandable given the institutional context of the former socialist system. In the event many workers refused to enroll in retraining programs and were subsequently shocked when they lost their jobs (Interview with ČT, 2004).

ČT also engaged in a number of strategic partnerships to access skills that weren’t readily available in the Czech Republic. As outlined above, this included the sale of 27% of the firm’s shares to TelSource, which was then required to modernize the network. ČT also entered into a joint venture with US West International and Bell Atlantic to build a cellular network that became the subsidiary, EuroTel.

Telstra also engaged in extensive downsizing as it shifted towards a leaner more market driven, customer based model. Between 1989 and 2003 Telstra reduced its permanent workforce from around 84,000 to approximately 37,169 employees. Somewhat akin to what occurred at ČT, this extensive downsizing was supported in part by the outsourcing of work that was no longer considered “core business.” This included such work as advertising (Yellow & White pages), operator services, IT support services and much of the design, building and maintenance of the network. Telstra also entered into strategic partnerships that complemented rather than replaced existing services; for example some external firms provided content for Telstra’s Internet services. Telstra also took a 50% equity in the firm, Foxtel, which provided pay-TV services via Telstra’s fibre optic cable network (Telstra, 1995, p. 4). New technologies and “better” work practices—including work intensification—also played key roles in cutting the size of Telstra’s permanent workforce (Interview with Telstra, 2002).

Collective Bargaining, Individual Bonuses, and Remuneration

Under the previous political system workers at SOEs were expected to join the union, which acted as the “transmission belt” for the communist party. Thus successor unions, such as the Trade Union of Employees in

Postal, Telecommunications and Newspaper Services of the Czech Republic (OSZPTNS⁸) at ČT, faced perception problems during the political transformation period, particularly among younger workers. Nevertheless in 2005 around half of ČT's workforce remained unionized and the firm continued to collectively bargain with the union (Interviews with ČT, 2005). But union officials reported that negotiations with management were becoming more difficult as management had taken a more hardline approach to collective bargaining. Anecdotal evidence further suggested that overt and covert pressures were sometimes placed on new ČT workers to not join the union. This increasing antagonism to the union has some parallels with what was occurring at Telstra. Despite this the union was successful in bargaining for increased redundancy payments for ČT workers. These payments ranged from between six and 10 months pay depending on length of service, which was well above the two month statutory minimum.

Most ČT workers were covered by a collective agreement, but the firm also paid variable bonuses based on individual and company performance. Although negotiated with the union, these payments did not form part of the collective agreement but rather formed part of company policy. ČT managers advised that their preferred long term strategy was to increase the variable remuneration component and reduce the flat fixed component, so as to better align worker pay to individual performance. ČT workers also received one weeks extra holiday, and meal vouchers and sickness benefits that were above the statutory minima. ČT maintained a "cafeteria system," whereby, employees accrued points that they could spend on activities such as sport, the theatre or education. This "cafeteria system" was linked to similar institutions that had been in existence during the socialist era.

ČT managers stated that it was their goal to form "more individual relationships with their employees"; such phrases are often code for shifting away from the union towards an eventual policy of individual contracts (Ross, 2003). While there is a provision under Czech law for workers to establish local company based workplace councils, ČT had not established these forums, with managers citing a lack of worker interest. Interviews further suggested that ČT management discouraged moves in this direction.

This desire to form more individual relationships between management and workers was more pronounced at Telstra. In the late 1990s Telstra management split the previous single collective contract into three separate collective agreements, which helped to fracture the workforce. In late 2000, Telstra then negotiated four new collective employment agreements which further split the workforce. These new agreements covered in total approximately 31,000 workers or around

70% of the workforce at that time (Telstra, 2000). The unions would have preferred to negotiate a single agreement. However, they recommended acceptance on the grounds that the general employment conditions were similar for all the separate collective agreements; they also included substantial pay increases (Interview with CEPU, 2000; Telstra, 2000).

Workers employed in Telstra's joint ventures and subsidiaries were employed under more flexible employment agreements than Telstra's core workers. For example employees of the subsidiary NDC worked a 38 hour week rather than the Telstra standard 36¾ hour week, although they received a negotiated pay adjustment. Employment conditions for operators at the joint venture firm, Stellar, also differed from those enjoyed by Telstra operators. The Stellar collective agreement included performance bonuses that had to be earned, rather than received as an automatic entitlement, while the spread of hours was increased (Barton & Teicher, 1999b, p. 34; Interview with Telstra, 2002). Unions alleged that some Telstra's outsourcing policies were simply strategies to bypass Telstra's wages and employment conditions (Interviews with CPSU & CEPU, 2002).

The conservative coalition government introduced the Workplace Relations Act (WRA) 1996, which contained provisions for individual employment contracts called Australian Workplace Agreements (AWAs). Telstra then shifted workers onto AWAs to increase workforce flexibility and reduce union influence. Because Telstra had already placed its senior managers on common law individual contracts AWAs were initially directed at middle managers (Interviews with CEPU, 1999). For example, managers being paid more than \$50,000 per annum were "strongly encouraged" to go on to individual contracts. Telstra then targeted the lowest management rung, the Team Leaders, and many of these workers subsequently shifted on to individual contracts. Telstra managers advised that part of the reason for targeting these groups was to shift their allegiance away from the union towards the firm. Because many middle managers were union members, AWAs became a senior management strategy to bring this group more on side (Interviews with Telstra, 2002).

Telstra was quite successful in its drive towards individual agreements. By 2002 individual AWAs covered approximately 11,000 workers, or around 25% of the workforce (Interviews with Telstra, 2002). The percentage of workers on individual contracts continued to increase and by 2007 more than half the workforce were covered by individual AWAs (Interviews with CEPU; Telstra, 2007). Most of these workers were initially in management and/or administration, however, interviews suggested that Telstra was increasingly targeting other worker classifications, including technicians (Interviews with Telstra, 2007).

The Australian labor market was further deregulated through the introduction of the Work Choices Act (2005), which established five minimum conditions of work. These included minimum pay, annual leave, sick leave/carer's leave, unpaid parental leave and maximum working hours (Baird, Ellem, & Page, 2006). All other conditions must be negotiated (Baird, Ellem, & Page, 2006). The challenge for Telstra unions is to try and retain previous conditions and provisions in new collective agreements. Given the shift in the attitudes of Telstra management this will not be an easy task.

Unions

Under the previous Czech socialist regime all SOE employees were required to be union members, as the union was allied to the Communist Party. Following the collapse of communism OSZPTNS distanced itself from the Communist Party and became a member of the peak union body, CMKOS, which had led protests against the previous regime. In the early 1990s the Czech government invited peak union and employer groups to join a state sponsored tripartite organization, the Council of Economic and Social Agreement of the Czech Republic (RHSD), which proved reasonably successful in helping to maintain industrial harmony in the first half of the 1990s (Cox & Mason, 2000; Dvorakova, 2003, p. 425). But Dvorakova suggests that by the late 1990s the Czech government had suppressed the emergence of any neo-corporatist ER system, as it did not believe that this ER framework was compatible with its liberal economic policies (p. 425).

Interviews suggest that around 60% of ČT workers remain union members but this will decrease as the firm outsources its technical work. As a "successor" union, OSZPTNS was reasonably successful at retaining existing members. However, it has been far less successful in recruiting new workers either at ČT or its competitor firms. Interviews infer that this is in part due to the negative association that younger workers have of the union's former links to the communist government. Anecdotal evidence further suggests that senior managers at other Czech Telcos have actively sought to keep unions out of their workplaces. Wages among Telcos in the Czech Republic are also among the highest in the country, which makes it more difficult for unions to convince younger worker of the need to join (Ceske Noviny, 2005).

OSZPTNS negotiated redundancy payments for ČT workers affected by the above downsizing programs of between 6 and 10 months (Union Network International, 2003, p. 3). As outlined above, it still engages in collective bargaining and has been able to negotiate a series of long term collective bargaining agreements with ČT (Interview with OSZPTNS, 2004). It claims to have good working relationships with the other social

partners, under tripartite arrangements, and to have negotiated shorter working hours and longer holidays for its members (OSZPTNS, 2004). Despite these apparent successes, union officials report that ČT has been distancing itself from OSZPTNS, while resolving issues with management has become more difficult. While it is too early to predict the effect that full privatization will have on ER at ČT, the privatization of Telcos in other countries, such as Australia and New Zealand, has been associated with management adopting a more unitarist approach to ER (Ross, 2003). Changing management attitudes, falling membership rates and privatization, therefore, point to difficult and challenging times ahead for OSZPTNS.

Unions at Telstra faced similar problems and issues to those faced by OSZPTNS. Unions had traditionally played a large role in ER at Telstra and its forerunners. During the 1980s union density rates at Telstra were well above 90% and included most white collar workers and a large proportion of managers. As well as these more formal processes Telstra unions were active in informal, day to day ER issues and problems. Interviews indicated that there was a relatively strong loyalty between members and their unions. Thus the unions began the 1990s with a history of being important and influential stakeholders in Telstra's ER processes. Telstra dealt with two main unions, the Community and Public Sector Union (CPSU) and the Communication, Electrical and Plumbing Union (CEPU). The CEPU tended to cover field workers—such as technicians and linesman—and operator services, while the CPSU generally covered white collar workers. However, some overlaps occur in their coverage.

In the early to mid-1990s the unions at Telstra had the strength and membership support to mount effective industrial campaigns that aimed at resisting initial moves by Telstra management to restructure and downsize its workforce (see Gray, 1992, p. 4; Head, 1992, p. 3). As outlined above, in a bid to counter rising industrial disputes Telstra management introduced the “participative approach” which aimed at some form of collaboration between management and the unions. However this approach was short lived. By the late 1990s Telstra had become more aggressive in its ER dealings, which in many instances required unions to take legal action if they wished to contest Telstra ER policies (Interviews with CEPU & CPSU, 1999-2002). This required the unions to devote large amounts of time and resources simply to retain existing conditions. As discussed, the WRA contained provisions for individual employment contracts through AWAs. The white-collar workers targeted for individual AWAs were often union members, but after signing individual contracts, many of these workers subsequently left the union. The introduction of AWAs, therefore, limited industrial action by splitting the workforce into non-union workers on individual contracts and unionized workers covered by

a collective EBA. When the unions initiated strike action in the late 1990s Telstra management were able to keep many areas operating by using skeleton staff made up of nonunion AWA workers (Interviews with CEPU, 1999). Workers on individual contracts who remained union members also took up more union resources, as servicing these members was more labor and resource intensive.

During interviews a general theme was that unions retained many existing members, but were less successful in recruiting new employees. The unions have also had little success in recruiting members in Telstra's subsidiaries and subcontractor networks. Again, there are similarities to OSZPTNS's experiences here. The unions were however able to negotiate significant wage increases for their members—between 1995 and 2002 wage increases totaled 27%. In return for these wage increases the unions were required to make tradeoffs. These included the introduction of more flexible working conditions and the breaking down of demarcation lines between technicians and linesman. The unions also agreed to split up the single collective agreement.

Interviews suggested that many long term union officials were discouraged by the events that transpired at Telstra following corporatization and partial privatization. However, given the changing political, regulatory and technological environment of the 1990s the unions survived relatively well. Despite the large scale organizational and workforce changes that occurred throughout the 1990s the majority of Telstra's workers remained union members (Interviews with CEPU, CPSU, & Telstra, 1998-2002). However, the successive reelection of the federal conservative coalition government in 2001 and 2004, with its agenda of continued workplace deregulation and the full privatization of Telstra, placed additional pressures on the Telco unions. In late 2007 the Australian Labor Party (ALP) won the federal election but at the time of writing it is too early to tell the extent to which this may or may not assist the Telco unions. Despite its historical union links the incoming ALP government is a "center left" party committed to conservative economic policies. Despite enacting legislation to phase out AWAs the incoming government appears likely to maintain many of the former conservative coalitions' decentralized ER policies. Telstra has maintained its anti-union stance and as a fully privatized firm its ER strategies are less influenced by its former owner, the federal government. This suggests that the Telco unions will continue to operate in a challenging environment.

CONCLUSION/DISCUSSION

One striking feature of the ČT and Telstra experience following deregulation and privatization is that despite the differing historical, political and

economic backgrounds of the Czech Republic and Australia, senior managers at the two firms often engaged in comparable and in some instances parallel strategies. In this regard, policy differences between the two firms were often a matter of degrees or levels of implementation rather than being opposing strategies. This does not appear to support path dependency theories, which suggests that differing historical factors should lead to differing managerial practices. While issues linked to the Czech Republic's socialist past—such as the difficulty older workers had in adjusting to the new system—did impact on its ER strategies, Telstra had somewhat similar problems as it attempted to shift its organizational culture away from its public sector past. Given its historical context it could be argued that ČT faced more profound problems with its older long-term workers than Telstra, but this is a subjective judgment on the degree of the problem—it is not a different issue. In the event, both firms targeted older workers for redundancy in a bid to change their former SOE work cultures and practices.

Figure 2.1 outlined a number of external and internal factors that may assist in examining and comparing management ER practices at ČT and Telstra. External factors included “HR facilitators,” firm “ownership” (public or private?), the “political/ideological environment,” “relative union strength,” the “legal environment,” outsourcing to “subsidiaries, subcontractors and strategic alliances,” the introduction of “new technologies” and “fixed versus mobile Telco markets.” By 2005 ČT managers appeared to have widespread access to “HR facilitators.” Many had some formal training in Western HRM strategies and concepts, while the firm was implementing ER policies that were similar to those being introduced by Western based firms. Anecdotal evidence also suggested that ČT managers often discussed HR issues with colleagues in other firms and there had been an increase in networking via Czech management associations and seminars. The purchase of the firm by the Spanish MNC, Telefonica also provided another conduit for the introduction of new ER processes and practices. Telstra managers were similarly well informed on new ER ideas and practices. Australia has a well developed tertiary system along with specialist employer groups and associations that deal with ER issues.

Zupan and Kaše (2005) however advise that simply accessing this HR knowledge and formulating SHRM policies does not in itself guarantee better firm performance. Rather, they suggest that HR strategy *execution* tends to be weak in ETE firms because HR departments are often not linked into overall company strategies. This theoretical perspective suggests that Telstra, located in a Western liberal democracy, should have better HR strategy execution than ČT, which is located in an ETE. But interviews with ČT and Telstra managers instead point to many commonalities. In a bid to change their organizational cultures, both firms

brought in new HR directors from the external labor market. They then engaged in relatively similar SHRM practices. This included downsizing, outsourcing and shifting towards a customer driven focus. This was reflected in changing approaches to training at both firms as they reduced and/or stopped technical training in favor of a marketing and sales orientation. Much of the former in-house technical work then began to be outsourced. In the case of ČT, the new directives were to specifically align HR strategies with overall company strategies. While interviews did ascertain some problems in trying to convince ČT workers of the need to shift towards a customer driven model, interviews elicited similar complaints from Telstra managers. This does not necessarily mean that Zupan and Kaše are wrong. Rather the interview data suggested that problems associated with weak HR strategy execution were more pronounced at ČT during the initial transition period in the early to mid-1990s. However by 2005, ČT, as with many firms in the Czech Republic, was in the post-transition stage and some of these former HR problems were no longer so apparent.

Until relatively recently both firms remained under majority government ownership. In the Czech Republic this led to allegations of cronyism, with ČT executives being appointed on the basis of political links. Such allegations provide some support for path dependency theories, as the need for good political connections was a hallmark of the socialist era. Government interference in the running of Telstra was less overt, although Telstra board appointments reflected the government's majority shareholdings, while CEO appointments were routinely discussed with government ministers. The reasons for the delays in the eventual sale of the two firms differed. The Czech government had held off selling ČT until it received a high enough bid. However by 2005 estimates for the sale of ČT had already been included in the Czech government budget for that year, which all but guaranteed that the sale would proceed. The Czech government was fortunate in this regard in that the eventual winning bid from Telefonica was well above market expectations. In contrast, delays in the sale of Telstra were linked to Australia's large geographical area, which led to fears of a rural political backlash if Telstra was sold—rural voters believed that a privatized Telstra would neglect regional areas in favor of more lucrative city markets. In the event the conservative coalition government achieved control of both federal houses of parliament in 2004 and passed the legislation for Telstra's full sale in 2005. This was in line with the political/ideological platform of the coalition's dominant partner, the Liberal party.

This political/ideological platform had a strong influence on management strategies at Telstra. Following the election of the conservative coalition in 1996 Telstra had a new government owner that

was in many respects antagonistic to union interests. The ensuing labor market deregulation changed the legal environment and helped to facilitate a shift to a unitarist approach to ER at Telstra. This included shifts towards individual employment contracts and the exclusion of the union from company decisions. ČT also faced a changing political/ideological environment, most noticeably the shift from a socialist to market driven economy. Successive Czech governments then embarked on a course of market liberalization and ČT management strategies shifted towards a more SHRM approach over time. During interviews with Czech union officials in 2005 they concurred that even under the then social democrat government—considered more supportive of union interests—ČT management continued to shift towards a more managerially orientated agenda that was less inclined to consider union interests. However ČT still engages in collective bargaining with the union.

Unions at both firms however face a difficult future. While they began the 1990s in positions of apparent relative strength, large scale downsizing combined with an inability to recruit new members within ČT, Telstra and/or other telecommunications related firms in either country reduced their strength. The challenge for OSZPTNS, the CEPU and the CPSU is to therefore make themselves relevant to a new generation of younger workers. In the Czech Republic this is made more difficult by historical factors, whereby the previous links between unions and the former socialist government tarnished their image. In Australia these problems were compounded by changing labor laws that aimed to marginalize unions from ER negotiations. The Work Choices Act 2005 also restricted the unions' right of entry into Telstra's premises, which then restricted union recruitment drives. As outlined above, the election of the ALP in late 2007 does not guarantee any change in union fortunes, but may provide further institutional support for union activities at Telstra.

To conclude, an examination of the above two firms suggests that from an ER perspective, by 2005 the Czech telecommunications sector had entered a maturing or post transformation stage. The chapter provided some examples of management ER strategies at ČT and Telstra being influenced by local contextual factors. But the evidence suggests that over time the influence of the previous socialist system on ČT's management strategies has markedly decreased. Rather, ČT appears to be engaged in similar SHRM practices to those being implemented at Telstra. This suggests that telecommunications specific factors now have a greater influence on ČT's ER strategies than historical factors. ČT has also reabsorbed its mobile Telco subsidiary back into its core firm, in a bid to counter the transfer of voice traffic to mobile telephones. In this environment new technologies—including fixed-line broadband and wireless Internet applications—will be crucial to the success or otherwise of

ČT and Telstra. The effect of these new product markets and technologies on ER practices in the telecommunications sector should provide an expanding field for future research.

NOTES

1. In mid 2006 Český Telecom's name was changed to Telefónica O2. However, except where otherwise stated this chapter generally uses the name Český Telecom (ČT) to refer to the firm as this was the TelCo's name during much of the period examined.
2. At various times in its history Telstra has been known as the PMG, Telecom Australia and the Australian and Overseas Telecommunications Corporation (AOTC). To avoid confusion, this chapter always identifies the organization as Telstra.
3. This chapter uses the term employment relations (ER) to refer to both human resource management (HRM) and industrial relations (IR) issues.
4. Interviews in the Czech Republic and neighboring countries were conducted in 2004 2005.
5. Liberal and National Party coalition.
6. The "Future Fund" was created by the conservative coalition government as an autonomous "financial asset fund with the defined purpose of accumulating sufficient financial assets to offset the Australian Government's unfunded superannuation liability" (AGFF, 2006).
7. The average years of service for Telstra technicians was close to 18 years.
8. OSZPTNS (Odborového svazu zaměstnanců poštovních, telekomunikacních a novinových služeb) The Trade Union of Employees in Postal, Telecommunications and Newspaper Services of the Czech Republic.

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