EMCC
European Monitoring Centre on Change

Czech Republic: OHL ŽS, a.s.

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About

Case study name:
The greening of industries in the EU

Country:
Czechia

Organisation Size:
500+

Sectors:
Construction and woodworking

OHL ŽS, a.s., a joint-stock company, is the fifth largest construction company in the Czech Republic, with a turnover of CZK 12 billion (approximately €473 million). The company has introduced a range of internal regulations related to environmental protection arising from the implementation of ISO 14001. This includes a system called EMAS (Eco-Management and Audit Scheme). The company uses technologies that significantly reduce its impact on the environment and also reduce the costs of construction. The use of these green technologies required the company to introduce organisational changes and establish a regular post of company ecologist.

Introduction

The construction sector is the third largest sector of the national economy in terms of the number of employees, and it contributes about 6.6% of GDP.

The joint-stock company OHL ŽS, a.s. is a direct descendant of the state-owned company Railway Construction Brno (Železniční stavitelství Brno). In 2003 OHL (Obrascón Huarte Lain, S.A.), a large Spanish construction group, became the majority owner. At present, the company consists of two operations – Dopravní stavby (transport engineering) and Pozemní stavitelství (building construction). OHL ŽS, a.s. is the fifth largest construction company in the Czech Republic, with a turnover of CZK 12 billion; in 2010 it had 1,880 employees.

The company has introduced a range of internal regulations related to environmental protection arising from the implementation of ISO 14001. It has implemented a system called EMAS (Eco-Management and Audit Scheme). In addition, both operations of the company comply with all the requirements of the Regulation (EC) No. 761/2001 of the European Parliament and of the Council on voluntary participation of organisations in corporate management systems and environmental audit. In 2010 the company harmonised its records relating to the treatment of hazardous chemical substances and agents, in accordance with the REACH European legislation.

These changes required the creation of a separate position of company ecologist and new duties for system engineers who, apart from their main activities, are in charge of environmental protection. This organisational change also included developing a training course to extend the qualifications of these staff members.

Drivers and motivations

The major motivation for introducing ISO standards and other certifications, and associated in-house regulations regarding the protection of the environment, was competitive pressure and the opportunity to take part in public tenders where the ISO certification is a required standard. Good performance in certification and consideration of environmental protection through the company environmental management system (EMS), as well as participation in the voluntary EMAS programme, are regarded as a significant competitive advantage. Introduction of ISO standards and voluntary environmental protection programmes also improve the company's image in the eyes of the public and tender organisers.

Green business practices

Environmental policy

Since one of the company's strategic objectives is environmental protection and the application of sustainable development principles, OHL ŽS has released an environmental declaration that explains its system of the corporate management with respect to the environment. It also identifies and evaluates the various measures taken to protect the environment during construction activities. Another related document is the *Policy for the period 2009–2012*, where the company's management commits to, among other things, integrating environmental requirements into its business decisions in order to eliminate negative impacts of its activities on the environment. They also pledge that they will meet legislative requirements, promote prevention and extend employees' knowledge on environmental protection. These documents provide a foundation for feedback and ongoing management, facilitating the improvement of corporate measures in environmental protection. The company ecologist is responsible for carrying out inspections and seeking feedback.

The company's EMS, which is based on ISO 14001,includes the *EMS plan for construction* – a document that the company prepares for each project to ensure environmental protection during construction. It defines activities, their characteristics and impacts, and responsibility for the construction, including a definition of measures and programmes intended to minimise environmental impacts.

Construction technologies

In connection with fulfilling its strategic objectives, the company has introduced some new construction technologies. For example, new technology is used to carry out track reconstruction in nature conservation areas. Since 2004, the SK 120 track reconstruction machine (an eight-axle special railway vehicle with excavating technology and a cleaning, sorting and recycling unit, custom-made for OHL ŽS) has been used for repairs without the need to remove the top part of the track. In the past, the company used similar machines by Plasser & Theurer, Austria. The application of the technology minimises the material used (original materials are recycled), minimises waste, and minimises traffic in the area (all the transport uses the existing railway track). Another technology introduced is what is known as 'gradual travel of the bearing frame'. This method of construction does not require building access roads along an entire construction line. Damage to vegetation surrounding the construction is thus minimised, and traffic load reduced significantly.

Waste management

The company also has high standards in waste management (covering all types of waste – solid, liquid and gas substances, including pollutants that could affect the climate particularly), chemicals handling, and air and water protection. These procedures are regulated by an in-house regulation called the Environmental Code. In recent years, the company has adopted many measures in this area in order to reduce environmental strain. They include a gradual replacement of dangerous chemical substances and agents by chemicals more friendly to the environment and to employees' health. With regard to atmospheric protection, boiler rooms in the company's industrial buildings have been modernised in order to reduce emissions.

Anticipation and management of the impact of green change on quantity and quality of jobs

Impact on quantity of jobs

In 1998 the company established the joint position of power engineer and ecologist as a consequence of growing demands arising from environmental protection legislation. With the increase in administrative load connected with the introduction of ISO standards, the EMAS system and relevant in-house regulations, a separate post of ecologist was established. In 2009 the number of ecologists grew to two in order to carry out inspections on construction sites more frequently and manage the required paperwork. Ecologists are in charge of environmental protection in the company and are responsible for meeting relevant regulations. At the same time, they oversee the development of the implemented environmental protection system. Their proposals are submitted to and decided on by the company management.

At each relatively large construction project, there is a responsible person, a system engineer who, apart from their main activity, is in charge of environmental protection, in which they are subordinate to the company ecologist. A total of 10–15 people within the company carry out this task, depending on the number of projects in progress. In special cases, this activity is carried out by a worker from outside the company. Environmental issues at small construction sites lie within the authority of the site manager. At large projects, the site manager is ultimately responsible for the entire project, including its ecological aspects. In the case of a breach of the EMS, the system engineer or ecologist jointly solve the problem with the site manager.

Given the company's long-term experience with machines from the Austrian manufacturer, the introduction of the SK 120 track reconstruction machine only required the training of crew – four workers in all.

Waste management is assigned to employees in various positions (usually engineers) to ensure that requirements relating to waste management are fulfilled. Approximately 15 people perform this role in the company, as just one small part of their job. These staff receive special training when they take up this position and then again after a certain length of time in the post.

In the context of introducing environment-promoting measures as part of the company's business activities, some employees were moved from the servicing department of Control Systems (part of the company's headquarters) to production, taking positions as system engineers who work, as mentioned above, on projects implemented by the company's two operational divisions, transport engineering and building construction. This organisational change resulted in a decentralisation of the Control Systems department. Consequently, some employees are engaged in both system control and environmental issues at the level of each project. This organisational change also included a training course to extend the qualifications of these staff. In terms of book-keeping, decentralisation of the department and allocation of its staff to projects have reduced the overhead costs of the company. Wages and salaries as well as costs associated with the activities of these employees are paid directly from the budgets of these projects.

The company does not plan to increase the number of employees with green skills. Up until now any deficiencies in this area have been resolved by using subcontractors. Hiring new specialists or utilising the existing ones is dealt with in the context of a specific project or order. For example, when building a plant for processing mother liquors (substances left over from certain chemical processes), the company typically needed to find an expert able to combine technological processes in chemical production with processes in the construction industry.

Naturally, the company monitors the labour market situation, and at the national level it actively strives through the construction branch council (an association of significant employers in the branch) to influence the educational sphere in particular. It cooperates with schools and participates in the theoretical as well as practical education of their students. Such industrial placements of students aim at giving them hands-on experience in production during their studies, thereby shortening the adaptation process after their entry into work, while at the same time laying the groundwork for potential new staff recruitment.

Impact on quality of jobs

Among the strategic goals of the company is responsibility towards its own employees, where beside safe and stable working conditions emphasis is laid on the professional and personal growth of employees. To reach these goals, the company has introduced a corporate training system.

The corporate training is based on an educational plan that is prepared each year by the HR department together with manufacturing operations. The HR department operates in part as a service for the executive staff, arranging training courses for their subordinates upon request and arranging company-wide training courses prescribed to employers by law. The training needs of employees are addressed by their direct superior. When receiving an order, the HR department implements the required training using a contractor or internal experts. Each year executives and employees in other positions attend a training course, at which foremen, site managers and other production engineers are trained on how to ensure environmental protection and on all the environmental legal regulations necessary for their jobs. In addition, specialised training has been carried out for selected staff, focusing on waste management and deficiencies in the approach to environmental protection. The overwhelming majority of training courses on environmental protection are provided by the company ecologist in the role of a lecturer.

The company received funds from the European Social Fund (ESF) for a project entitled 'Training of construction administrators and related occupations'. Training activities focusing on environmental protection have also been launched within the project. Many employees (433) have been trained through other projects financed from the ESF. For example ,the project 'Training of employees in the construction sector' ran from 2009 to 2012 and covered a wide spectrum of issues, including environmental management. The project promoter was the Brno Chamber of Commerce (Regionální hospodářská komora Brno), a legal entity of the Economic Chamber of the Czech Republic (Hospodářská komora ČR).

Other working conditions

The company has a collective agreement in place, valid until 2014. In their activities, trade unions focus solely on working conditions. Although the company is not growing currently (there has been a lack of orders in recent years), the agreed obligations related to working conditions are regarded by trade unions as above average. This is also the case for wage provisions, which also have five-year validity. The contract also introduced the principle of automatic pay increases for employees, dependent on the company achieving improved economic results and the rate of inflation in the previous year. In terms of working conditions, no significant differences between employees working with green business practices and the other company employees have been evident.

Conclusions and recommendations

The company has introduced a range of in-house regulations regarding environmental protection arising from the implementation of ISO 14001 and the EMAS system. As a result, it has gained access to public tenders where it can win contracts that will subsequently help OHL ŽS maintain its position among the five leading construction companies in the Czech Republic. The company has introduced a range of technological innovations with significant ecological and economic impacts, especially in minimising damage to vegetation surrounding construction and reducing traffic load. The company has well-established processes leading to protection of the environment at construction sites. At the same time, feedback within the company works well and is backed up by obligations of the company management published in the document *Policy for the period of 2009–2012*. Environmental protection is also supported by the establishment of position of the company ecologist, who ensures supervision of the environmental impacts of company activities. Employees' skills development is determined by current projects. Training focusing on environmental protection and the current environmental legislation for the executive staff and other professions is carried out regularly. The company has been cooperating with a range of schools at all levels in order to influence theoretical and practical training in the construction industry.

In terms of environmental protection, the company, in the respondents' view, compares favourably with its competitors. This opinion has been formed on the basis of the low quality of many competitors' EMS plans for construction, drawn up in cases of a joint working on the same site.

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