

# **The Impacts of Railway Restructuring on Safety and Employment**

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## JELMAGYARÁZAT

- MÁV vasúti fővonal és határa
- MÁV vasútvonal
- GYSEV vasútvonal
- Keskenyvágású vasútvonal
- Téli pályák
- Iszapfoglalási állomás
- Vízak: vízfolyások, csatornák, vízfelület, víznyelvi területek
- Autópálya és csomópont
- Előzetes főútvonal
- Másodrendű főútvonal
- Erős
- Országhatár

# Restructuring of the RW after the 2nd World War

- 93 % of trunk lines were destroyed.
- Rapid but not quality oriented reconstruction from 1946
- High rate of accidents, frequent derailments
- Accidents are considered as potential sabotage
- A disciplined executive staff
- Permanent shortage of labour
- Working time frequently reached 250-260 hours.

# Restructuring the RW after the Second World War

- By the 1960-70s, the old generation had retired
- The RW with its 150 000 employees is a major employer
- Central Geographical position – important transit country
- Significant and accidents related to reversing and rolling
- The largest inland reloading station of Europe in the region of Záhony. – poor machinery performance and inhuman working conditions

# The erosion of corporate culture and identity

- unfavourable changes in the attitude and discipline
- annually 55-60 lethal accidents and a further 38-40 accidents with severe personal injuries
- The level of social benefits permanently declining and a high labour turnover among executive staff.
- so-called posted workers were employed
- High damage rate in freight due to accidents, regular thefts and pilferage.

# New transport policy concept in 1968

- approximately 2,500 kilometres of sidelines and non economic narrow gauge line were closed
- not followed by the development of public roads.
- regions without the proper infrastructure could not attract the capital
- in the past decades and currently these areas and regions belong to the disadvantaged regions of Hungary

# New status of safety organisations, EU accession

- New concept – distinction of human and material accident – legislation accordingly
- personal injuries to be examined from a human aspect - whereas accidents involving purely material damage are approached from a technological viewpoint.
- breakthrough in the approach to accidents

# The peaceful transition between 1998 and 2001

- New challenges to the railway company
- Transformation into a company limited by shares, still in full state ownership.
- 80 thousand people worked for the company, which covered 8,800 kilometres altogether.
- Performance declining rapidly.
- The railway company gradually lost its positions in freight transport
- The requirements of the European Union related to the free market competition and the opening up of the railway lines also appeared

# Hungary's accession to the EU in 2004,

- A long process of legal harmonisation had to be completed,
- The restructuring process has still not been completed and has already brought decisive changes in the lives of railway workers.

# Impacts of railway restructuring on employment and safety

- Since the 1980s, there have been attempts to improve efficiency and minimise the side-effects of burgeoning internal bureaucracy. - However, none of the measures taken in this period had a long-lasting effect.
- High turnover of Chief Executive Officers – coming up with new concepts - vanished in the haze.
- Organisation as such was but an objective itself
- The employees grew sceptical about changes, going on for 25 years permanently.

# Substantial changes started in the mid-1990s

- Major activities of MÁV Rt. were structured into independent economic units, so-called Directorates (handling traffic, passenger traffic, maintenance of tracks, mechanics, etc.).
- Followed by the establishment of a commercial railway unit to comply with EU requirements and to serve the needs of the still state-owned company.
- The client of passenger transport is the state itself via the Ministry of Transport. Subsidised fares are stipulated in a contract between MÁV Rt. and the state of Hungary.

# Deficit and liquidity problems

- The governments in office, regularly violate their contractual obligations not reimbursing the company for the discounted passenger transport fares.
- Permanent liquidity problems and grave impacts on safety.
- Upgrading is neglected and the costs of daily operation are also covered from the maintenance budget.
- Deterioration of the fleet of carriages, the tracks, safety equipment
- Lengthened maintenance cycles.

# Employment and safety

- MÁV Rt. currently employs 53 thousand people, which under the present technical level cannot be reduced without having negative effects on safety.
- During the past 35 years, 100 thousand jobs ceased to exist
- Drastic drop in transport performance and also the length of the railway network was slightly cut.
- Our trade union since has been making efforts to conclude employment policy agreements and it has never opposed any technical investments. We prefer retraining and reemployment in other positions within the company.

# Railways management

- Management of MÁV changes after each general election, that is every four years.
- Political parties treat their second liners, their loyal followers to the well-paid positions of a CEO,

In 2004, there is nobody in the top management of MÁV who has ever worked as a railway worker

willing to learn more about it, since they are aware of the fact that after the elections and the victory of the opposition they will have to leave their positions and again four rainy years are coming.

# Survival strategy

- The managements in office have always aimed to survive their terms.
- The only instrument of improving efficiency for them is the reduction of the labour force
- No ideas to improve market positions,
- Adventurers have come and gone, and organisational restructuring often served individual rather than community purposes.

# Outsourcing of non core activities

- Until 2005 under government pressure a further 5,000 people will be transferred to such companies.
- Seemingly improve efficiency.
- These workers often are not covered by any collective agreement,
- Often working under improper circumstances.
- No sources for investment into assets and the level of safety at these companies is deteriorating.

# Human factors

- In spite of the outlined circumstances, there had been no problems until organisational changes affected executive staff.
- Today they are also affected.
- Previously, traditional systems were responsible for technological processes, today the same tasks are performed sometimes by three organisations.
- The traditionally uniform engineering functions are under the supervision of three independent managers and these functions are divided into operation, maintenance, repair of carriages, which is also overseen by the Directorate for passenger transport.

# Lack of transparency

- The increased number of linkages between the functions and directorates make the organisation more susceptible to errors.
- Vertical information flow has become indirect.
- The multiple control has ceased to exist,
- Daily checks are replaced by weekly ones.
- Weekly checks are replaced by monthly ones.
- Workers can be manipulated according to business interests.

# Human relations and corporate culture

- Decision-making takes place far from workers
- It is now typical of MÁV Rt. not to respect its own instructions, first it attempts to reduce the number of workers, then it tries to impose a certain technology upon the given number of workers.
- Our trade union has been successful in fighting against such incidents.
- Compared to the EU average, real wages are offensively low in Hungary.
- The threat to reduce staff had harmful effects on human relations
- Traditional corporate culture has ceased to exist and it has not yet been replaced by a new culture.

# Safety culture and its criteria

- The safety culture of a company is determined by the willingness of the management and the staff to accept and respect rules.
- Ones should know the rules - others should want to respect them
- In the course of work performance they correct each other.
- The traditionally good training and education system has degraded.
- Today there are only 7 simulators for dispatchers and engine drivers.

# Motivating factors affecting safety

- Premium in certain jobs conditional on safety factors.
- In the case of newly appointed leaders, so-called helping controls reveal the shortcomings and determine the measures to be taken.
- At the executive level, the collective agreement does not cover bonuses for high safety performance, but all workers who reveal and report factors endangering safety and are involved in eliminating them are entitled to a bonus.

# Role of safety organisations in the new structure

- In the 1990s several tragic railway accidents drew the attention of the public and authorities to the specific problems of railway safety.
- The increasing demand for international services, interoperability gave rise to new aspects of railway safety.
- Safety organisations operate within MÁV Rt., which is similar to a holding company..
- The Safety Directorate is in charge of technological control, examination of accidents involving material damage, and the safety tasks deriving from fire protection, protection of assets and the carriage of dangerous goods.

# Railway police

- In cooperation with the police, railway police also operate in major railway stations.
- Vandalism increasingly jeopardise railway safety.
- The personal safety of the labour force belongs to the authority of the Occupational Safety and Health Department of the Railway Occupational Safety, Health and Environmental Protection Division.
- Until 2006 a committee independent from the transport authority and the railway company should be set up to examine specific accidents.
- Compliance with EU safety requirements imposes a serious task on the railway company in terms of the compatibility of the technical systems, the elaboration of regulations

# Our trade union in improving the culture of safety

- Our trade union has focused on the permanent monitoring of safety-related questions since it was established.
- We played a decisive role drawing up the Code of Occupational Safety and Health of MÁV Rt.
- We regularly check the local working conditions, in accordance with our rights provided for by law. In order to rapidly eliminate deficiencies, we initiate legal proceedings, if need be.
- For four years the Occupational Safety and Health Committee of MÁV Rt. was successful. This body coordinated the work of elected safety and health representatives.

- We try to alleviate the psychological burden stemming from the lack of job safety with wage and employment agreement valid for four years.
- With the branches within the company we conclude annual agreements which set the exact amounts to be spent on improving working conditions.
- Very often we jointly set priorities.
- The Directorate of MÁV Rt. has recently adopted a three-year Safety Concept.

# Concluding

- Laying the foundations of a new corporate culture is of outstanding importance, since this is a precondition for an efficient safety culture. In this effort we will be partners of the management of the Hungarian Railway Company.

