



CASE STUDY: Where to look for employees when there are none? A case of prisoner employment in the Czech Republic

Introduction of the Company S

Company S is a cooperative in the chemical production industry in Liberec and was founded in 1953. Nowadays, it has two plants in the Liberec region. By the virtue of its Research and Development, it has succeeded in the communist era as well as in a market-driven economy. Part of Company S's production is intended for export into countries such as Slovakia, Hungary, Italy, Russia or Sweden. Company S's best-known products are PE-PO, a solid fire-lighter, and window cleaner IRON (Severochema, 2010).

HR processes and challenges

All processes are overseen by an HR director, who is not only the head of HR but also the chief financial officer. In order to carry out daily tasks regarding HR, Company S also employs one HR specialist. Overall, the cooperative employs around one hundred people, who are divided in the ratio of 80 – 20, between the two plants. From the perspective of job distribution, Company S has slightly more office workers (55) than manual workers (45). In the near future the cooperative would like to increase the number of manual workers. The Czech Republic is experiencing a continuous growth of its economy (CZSO, 2018a) resulting in the lowest unemployment rate in the EU (Ekonomika, 2018). The national average is at 3.2% and is represented by the grey bar in figure 1 below. The Liberec region with its 3.33% is depicted in the green bar. This labour market situation, combined with rising wages (CZSO, 2018b) forces Czech companies, particularly SMEs, into a difficult situation. This makes them look for new sources of workers.

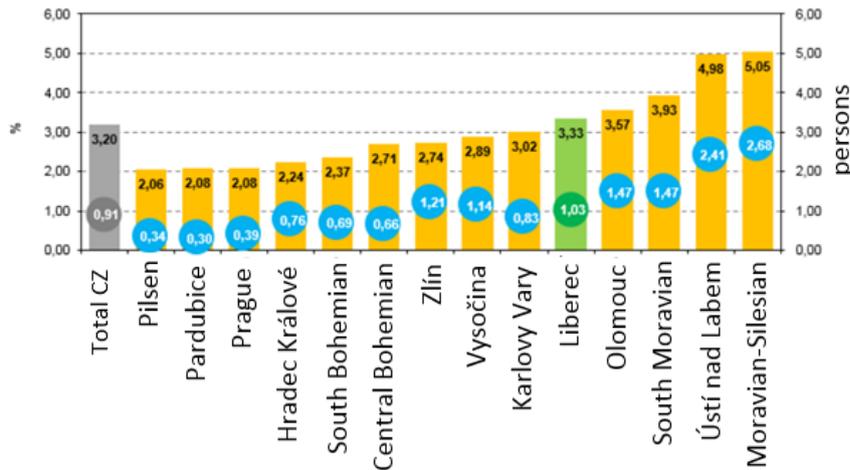


Figure 1 Unemployment by regions on 30.4.2018
Source: Ministry of Labour and Social Affairs

5.1.2 Rýnovice prison

Rýnovice prison was established in 1968 as a medium and high security facility for prisoners. Currently, the institution with original capacity for 495 prisoners provides oversight to around 560 of them. (VSCR, 2018c). Rýnovice prison was chosen as a potential partner for the Company S cooperative for two main reasons. Firstly, it is fairly close to the production facility in Liberec. Secondly, this prison facility has been very active in the promotion of cooperation between prisons and businesses.

Literature review: employment of prisoners

In order to understand the topic of employment of people from disadvantaged groups, it has to be defined who those people are. People disadvantaged in the labour market are people:

“who in respect to their age, length of their registration for job, lack of experience, state of health, loss of ability to carry out their previous employments, family reasons or position in the society have difficulties to find an employment on the labour market and this group undoubtedly needs increased attention of the society (Pawera, 2015, pp. 39-40).”

The Czech Republic has created its own categories (see Figure 2), which partially stem from the approach of the European Commission. (European Commission, 2008).



Target group name	Definition of an individual
Persons with disabilities	A person fulfilling any of the legal definitions according to the provisions of Section 67 (2), (3) or (4) of Act No. 435/2004 Coll., On Employment, as amended.
Unqualified or low-skilled	A person whose highest attained level of education in CZ-ISCED 2011 is 2 (i.e. completed at least: 2nd grade of elementary school - minimal legal education).
Persons over 55 years of age	A person who is over 55 years of age.
Graduates	A person without work experience after completing systematic training for a future profession.
Younger than 24 years	A person without work experience who has not yet reached the age of 24 years.
Persons after parental leave	A person who lost work within 6 months from the end of parental leave.
Persons after release from imprisonment	A person who became unemployed immediately after being released from prison.
Persons with a criminal record	A person whose criminal record contains conviction information.

Figure 2 Groups of disadvantaged people

Source: Adopted from SOVZ.cz

5.2.1 Benefits and drawbacks of employment of prisoners

The employment of prisoners presents a number of advantages and disadvantages. One of the main benefits stemming from hiring prisoners is cost reduction. In the past, prisoners were entitled to receive between 4 500 CZK (€174) and 9 000 CZK (€348). However, from April 1, 2018, prisoners can earn between 5 500 CZK and 11 000 CZK. In addition to this increase, the government has decided to establish a new, fourth type of prisoners, for people with a university diploma, who can get up to 13 750 CZK. Nonetheless, the pay is still relatively small in comparison with the minimum wage, which stands at 12 200 CZK (Ministry of Labour and Social Affairs, 2017a) and with the average wage of 30 265 CZK. This source of labour force can thus be perceived as very attractive. Especially for machine operators in the chemical business whose median salary is 27 740 CZK (€1 073) (Ministry of Labour and Social Affairs, 2017b). A list of benefits and drawbacks stemming from the employment of prisoners is provided in figure 3.

Some companies are afraid to employ prisoners because they view them as a security threat. However, all possible prospects are carefully selected, especially those who work in facilities outside of prison. Therefore, such worries are unsubstantiated and do not feature on this list.



Pros	Cons
Reduction of wage costs (wages are not subject to the Minimum Wage Regulation).	Increased administrative costs.
Prisoners are not entitled to vacations.	Lower qualifications of prisoners.
Ill workers are replaced by other workers if possible.	Rotation of prisoners.
If the employer does not have orders, prisoners do not go to work and there is no remuneration for work during that period.	Companies must cover transportation for prisoners to and from the workplace.
The prisoner is rewarded only for work done and not for any downtime.	The need for special insurance against accidents and permanent consequences.
The prisoners are not eligible for surcharges for work on weekends.	Problems during the integration into the working group.
The Prison Service of the Czech Republic provides prisoners with health care and food.	Risk of absence of prisoners during strike in prison.
The Prison Service of the Czech Republic ensures order and peace in the workplace with the presence of members of the prison service.	Loss of the workforce when the President of the Republic declares amnesty.
Improvement of the company's Corporate Social Responsibility	

Figure 3: Benefits and drawbacks of employment of prisoners
Source: own elaboration (adopted from Štégl, 2016; Mandl, 2009)

5.3 Findings and analysis

Jiri Stegl, a coordinator of employment of prisoners, argues that by enabling prisoners to work, our society can ease their resocialisation path and help them create occupational habits. This will help them keep a job once they finish their sentence. Working prisoners can also repay part of any debt they have accrued before and during their imprisonment. Additionally, some money earned will be transferred to the prisoner's account to be used after release from prison (Štégl, 2016).

From the perspective of businesses, the employment of prisoners predominantly lowers the cost of the labor force. To illustrate this point, one can look at a waste company operating in the Liberec region and employing prisoners. A single prisoner is paid 5 500 CZK per month. The amount is further increased by insurance (34%) and the overcharge for the Prison Service (15%), totalling 8 200 CZK per month. An ordinary employee would for the same work, cost around 20 000 CZK (Vlková, 2018).



Additionally, prisoners do not have vacations. They can fill job vacancies in the less desirable sectors. Thanks to all these features prisoners can become a stable part of the company's workforce and upon release even become a full-time employee of the firm (Štěgl, 2016).

Statistics concerning the employment of prisoners from an overview of employment of prisoners in the years 2011 – 2017 show that in this period the percentage of employment of prisoners was around 50%. In 2017 it increased to 56.23%. A comparison between the total number of prisoners and those who were employed is displayed in figure 4. A sharp decrease in the total number of prisoners in 2013 can be explained by the amnesty given by the Czech president. On the other hand, a significant increase took place between the years 2016 and 2017, when a number of employed prisoners rose by 843. This development stems from a change of policy regarding the employment of prisoners caused by a new Concept of the Prison system (VSCR, 2018a).

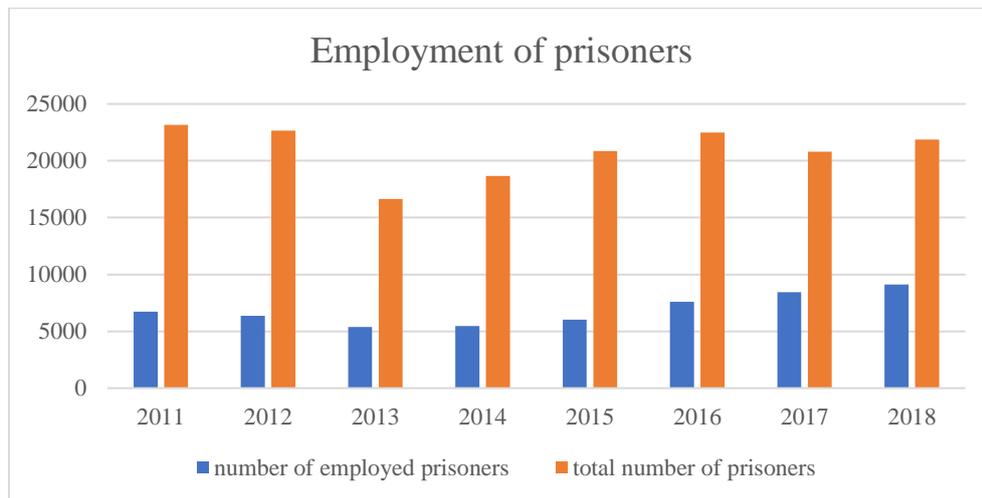


Figure 4: Employment of prisoners
Source: data - VSCR.cz (own elaboration)

To put these numbers in perspective, in 2013 Greece employed roughly 42% of prisoners, Poland had 30%, France had about 17 800 working prisoners (around 28%), Italy had around 20% of working prisoners, and in Latvian prisons only about 15% were employed (Maculan, Ronco, & Vianello, 2013). The Czech Republic seems to be above average in Europe in prisoner employment.

5.3.1 Proposed HR tool

This section introduces the proposed HR tool. The tool should help HR managers with the assessment of a general fit between their company and the possible options of employment with

regard to a specific prison facility. The tool is in a form of a table and can be seen in the appendices. It evaluates types of employment based on the following criteria:

- 1) Minimal need for additional transport between prison and the company
- 2) Availability of prisoners in partner prisons
- 3) Availability of guards in a partner prison
- 4) Quick adaptation to operational needs (change requirements)
- 5) Availability of space for production (in prison or factory)
- 6) Compatibility with corporate culture and atmosphere
- 7) Improving CSR
- 8) Savings on wage costs
- 9) Decrease of administrative burden
- 10) Minimum costs associated with production adjustments

A guide on how to use this tool when exploring possibilities of employment of prisoners can be found in Appendix 1.

5.3.2 Critical evaluation of findings and proposed HR tools

Findings, derived from the scoring table of the proposed tool, suggest that the best option for cooperation between the Company S cooperative and the Rýnovice prison is the option three; a type of cooperation focusing on the employment of released prisoners. The prison employees can be of significant help in this phase of employee pre-selection, as they know the prisoners better than anybody from the firm. Also, other institutions might be asked to cooperate, such as the archdiocese of Liberec, which provides a guidance for people after their release from prison (obase.cz, 2017).

The main advantage of option 3 is that it entails no transport costs and is not affected by lack of available prisoners. In addition, Rýnovice prison currently uses all of its available space for production ordered by current partner companies, therefore Company S cannot acquire any space inside the prison facility. This eliminates option 2 – moving production to prison, which scored the lowest points anyway. Option 1 – prisoners working in company's premises - was outscored in the majority of criteria by option 3.

One must acknowledge that a certain amount of simplification was used in development of this tool. Criteria were designed specifically for partnership of Company S cooperative and Rýnovice prison.



5.4 Conclusion

This case study identified that the best option for cooperation between Company S and the Rýnovice prison facility is the employment of former prisoners. This type of partnership scored the highest in the proposed tool and aims to help the management with their decision-making. The proposed tool is a new practical HR tool to assess the fit between a company and a prison facility (Appendix 2). By virtue of the research and understanding gained, the author created a short guide for HR managers to follow when exploring the possibilities of employing prisoners. It is important that the HR manager communicates, explains and answers all queries that might arise from both shareholders and stakeholders to ensure the smooth deployment of the new workers.



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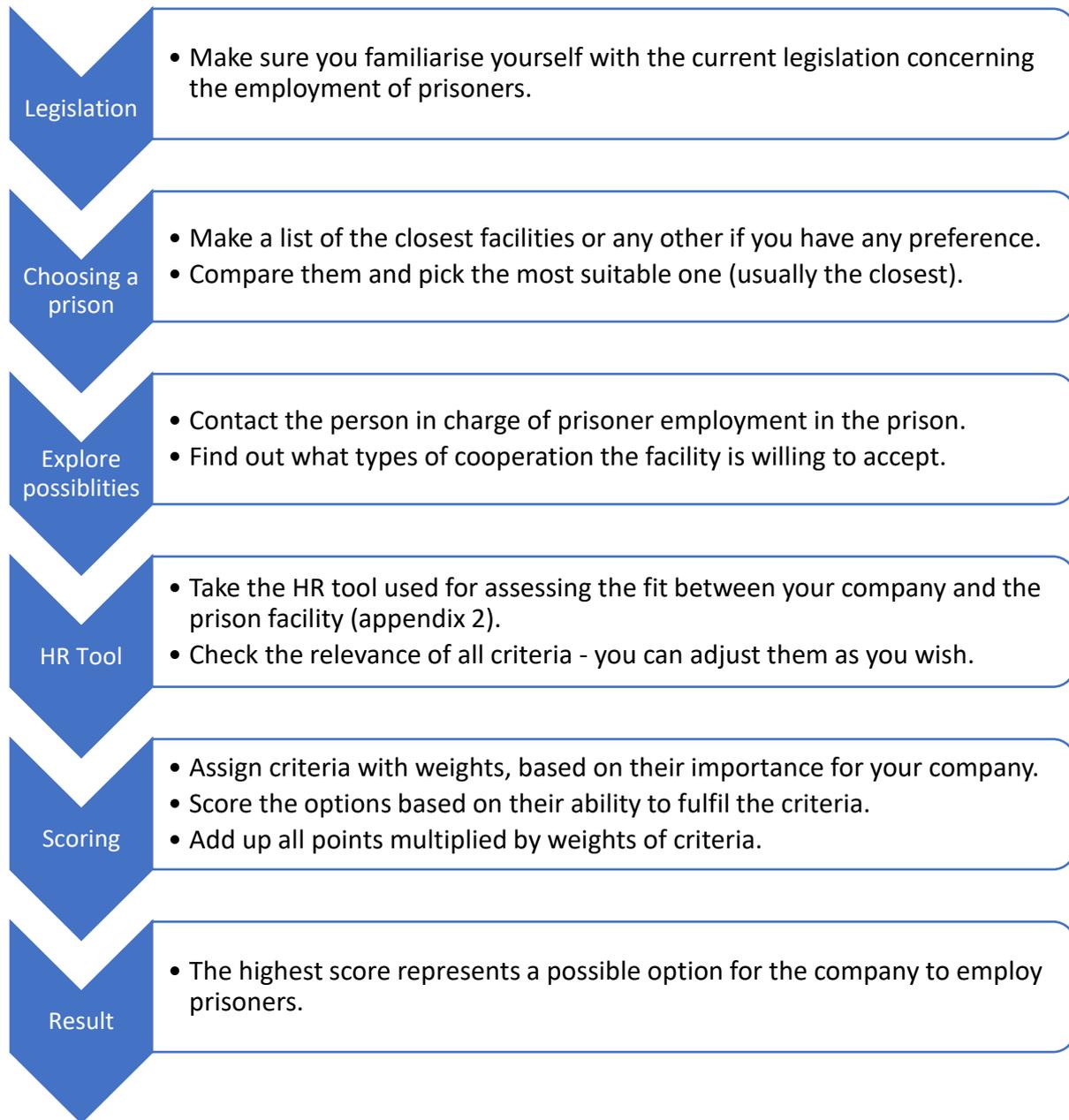
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Appendices:

Appendix 1- A guide on how to proceed when exploring possibilities of employment of prisoners (case of the Czech Republic)





Appendix 2 - English version of the HR tool

Criteria	Weight*	Score**		
		Option 1	Option 2	Option 3
Minimal need for additional transport between prison and company	4	3	2	5
Availability of prisoners in partner prison	4	1	2	5
Availability of guards in partner prison	1	1	3	5
Quick adaptation to operational needs (change requirements)	2	4	3	2
Availability of space for production (in prison or factory)	3	5	0	5
Compatibility with corporate culture and atmosphere	4	4	3	3
Improvement of company's CSR	4	4	2	3
Wage costs reduction	1	4	4	1
Different administrative demands connected to the employment of prisoners	2	4	3	1
Minimum costs associated with production adjustments	2	3	3	4
Total	x	90	61	99

Option 1 = Prisoners transported to company's production facility
Option 2 = Part of production moved to the prison facility
Option 3 = Employment of people after release from prison

*Weight = how important the criterion is for company (on a scale of 0-5, where 0 = very insignificant, and 5 = very significant)

**Score = points showing the extent to which the option meets the criterion (on a scale of 0-5, where 0 = absolutely does not meet, and 5 = meets the maximum)