

## 7. Human resources and labour relations

The major feature of human resource management is that policy in this area responds to the clear desire to modernise and professionalise labour relations and to the growing need to adopt more sophisticated methods in two fields where technological development and administrative control have a great influence: staff assignments, and performance and cost-benefit analyses.

Furthermore, within the general management philosophy implied in the Four Year Plan, an attempt has been made to incorporate personnel management on a basis both more flexible and forward-looking, including revues of the Company's functional organisation and its basic structures.

The intention also is to improve labour relations and to promote Trade Union participation, while fully recognising the institutional role of the Trade Unions and their necessary critical collaboration in the Company's future plans.

Finally, in order to accelerate the process of qualification of the Company's workforce and to enable them to adapt to technological change, personnel training and recruitment activities have been promoted separately, for two reasons: firstly, to supplement Spanish professional training deficiencies as efficiently as possible and, secondly, to avoid technical obsolescence of human resources where feasible.

As far as the implementation of these policies is concerned, and with respect to the workforce, 1984 has seen a major effort of adjustment in order to keep staff levels stable in relation to the preceding year.

Consequently, 1,092 new direct jobs were created in 1984, bringing the total number of full-time employees to 62,877, a similar figure to the 62,883 registered at the end of 1983.

This has involved a considerable effort in order to maintain and improve the service, together with a significant increase in productivity in line with the salary review agreement, involving a break with previous policy and allowing the Company to face a highly technical future with a properly qualified restructured staff. The table at the end of this Annual Report shows the effort made to incorporate highly qualified staff to replace personnel leaving the Company and retiring, in categories that will become increasingly more affected by technological changes. This whole process has been set out and qualified in the Human Resource Four-Year Plan that is annually up-dated, incorporating and correcting the new data and forecast results. This mechanism has revealed the need to continue with the study of the functions and responsibilities of the different labour groups, adapting them to the present situation.

<b>TELEFONICA STAFF DISTRIBUTION</b>	
<b>NUMBER OF EMPLOYEES</b>	
<b>DEPARTMENTS</b>	<b>1984</b>
Technical Assistance .....	14,924
External Plant .....	16,664
Maintenance .....	11,530
Commercial Management .....	6,766
Commercial Services .....	2,470
Administration and Procurement .....	1,758
Data Processing .....	1,821
International and Traffic .....	988
Internal Plant Engineering .....	881
Other .....	5,015
<b>TOTAL STAFF IN ACTIVE SERVICE .....</b>	<b>62,817</b>
Staff temporarily absent (on leave, illness, etc.) .....	3,964
<b>TOTAL EMPLOYEES .....</b>	<b>66,781</b>

Among the characteristics of personnel on active service we would emphasize:

- Improvement in the level of qualifications, aim of the new recruitment policy involving professionally qualified staff now representing 7.4% of all personnel in 1984 compared to 6.6% at the end of 1983.

In this respect it should be emphasized that, throughout 1984, a study has been prepared of personnel in active service having a university qualification, but carrying out functions below their status. For the more than 1,000 employees in this situation, an action programme is being designed within the employment programme to allow them to be promoted to functions more in line with their real level of qualifications.

- The two factors, characterising the Telefónica employee as a young employee with considerable experience, average age 38.3 years and weighted seniority of 15.6 years, are maintained.

From the human resource management point of view it is interesting to underline some aspects of the year in question.

- On March 21, 1984 the economic review of the XII Collective Wage Agreement was signed between both parties, Telefónica and U.G.T. (The General Workers' Union), specifying a salary rise of 6.5%, an increased productivity bonus and a reduction of absenteeism, amounting to 1192 million pesetas (1.12%) plus a salary review based on the outcome of the forecast Retail Price Index that, as a consequence of deviation arising in relation to the objectives set by the Government in their economic policy, represented 0.4%. The economic review overall represented a salary increase of 8.02%.
- Absenteeism fell in 1984 to 12.23 working days lost per employee, the lowest level for recent years.

- The 37 hour 30 minute working week was extended to all labour groups in Telefónica during the year.
- Productivity, in terms of gross revenue from services per employee, amounted to 5,559 million pesetas, with a real growth of 2.76% as compared to 1983, considerably above the growth rates recorded in previous years.

- In the area of advanced technologies 30 courses have been given on Systems (ARE, AXE, PC-2000 and 1240), with a total attendance of 419 students. Furthermore, 45 courses have been given on auxiliary equipment and devices, with 346 students attending.
- In training abroad and postgraduate studies, 11 courses have been held involving 444 students.

d) Finally, two preparatory courses have been organized and completed for the promotion of 238 employees.

Emphasis is to be placed on the growing role of recycling in the immediate future, adapting capacity to new technological requirements. Training is conceived as a basic part of the planning process, as limiting new appointments to the number of employees leaving the Company means that it is only possible to cover the personnel requirements of new services by internal reclassifications. Furthermore, a series of ambitious projects have been initiated with the incorporation of the latest training technologies, such as video, computers, etc., from which important results are expected.

With respect to personnel administration, worthy of mention in this field are the efforts being made to classify and rewrite the internal labour regulation, and the incorporation in Telefónica of new recruitment methods, simplifying procedures and improving computerised control.

The services provided by Social Affairs are maintained, rationalising and clarifying their running. To this line, the services have been given a new approach, with the Company maintaining control and management, while the services themselves tend to be given to our subsidiary Playa de Madrid, S. A. to cater for.

<b>ABSENTEEISM INDEX</b>	
YEAR	WORKING DAYS LOST PER EMPLOYEE
<b>1980</b>	<b>13.2</b>
<b>1981</b>	<b>13.2</b>
<b>1982</b>	<b>12.93</b>
<b>1983</b>	<b>13.49</b>
<b>1984</b>	<b>12.23</b>

With respect to recruitment, 1984 has seen a wholesale adjustment effort to keep staff levels stable in relation to the year before. This year has involved a detailed analysis of requirements and the facilities available, together with a major uptrend in productivity in line with the wage agreements. This experience has allowed further work to be carried out on resource assignment and planning mechanisms. Similarly, new work methods and systems are being studied for incorporation into Telefónica, to allow improvements to be made in the quality of the results and the performance of our staff.

Training activities in 1984 have concentrated on four major areas, as follows:

- a) Eight training courses for jobs in which 437 new employees have participated.
- b) Twenty-two courses as part of promotion schemes involving 945 students.
- c) The following activities are worthy of emphasis, under the heading of recycling and perfecting:

- In the area of administrative training, with a total of 5,903 employees/course participating in 633 different activities.

- In technical training 13,592 students have participated in 1,248 courses.



Other sections of this Annual Report describe in detail the situation and activities of the Institución Telefónica de Previsión (the Company's Pension Fund) and the Collective Endowment Insurance Policy for Company employees, which are the basis of the social welfare system covering Telefónica staff. It is not necessary to repeat the importance of this matter with regard to social affairs. Telefónica, aware of this, and given the net worth of this institution, the changes that have occurred and that are foreseeable in the general regulation for this type of central welfare systems, offered to collaborate with Trade Union representatives and with the ITP's governing bodies in designing a new social welfare system on a solid financial basis adapted to the corresponding legal framework.

The following activities are worthy of mention in the field of work safety:

- The performance of simulated emergency evacuations from buildings housing more than 80 persons (an activity being substantially subjected at present to reformulation, taking the guidelines produced by the Civil Protection Department into account).
- Performance of ergonomic studies on telephone work, to allow consideration from a multidisciplinary preventative point of view.

- Distribution of safety and hygiene regulations and principles.
- Improvement of training through educational resources and programmes and the achievement of wider participation in professional courses.
- Perfectioning of tools and protection facilities.
- Improvement of accident investigation, designing preventative measures.
- Preparation of chemical-product labelling specifications.

Negotiations on the XIII Collective Salary Agreement were completed in the first part of 1985. This Agreement, signed within the framework of the social and economic agreement contains, apart from a series of major management objectives, particularly including the rewriting of the Company's labour regulations, the use of new contracting regulations in force in Spain.

We would not like to finish without paying our respects to the memory of our companions who lost their lives in accidents at work:

- Mr. Cándido Castedo Amado
- Mr. Jesús de María Mamolar
- Mr. Manuel Matros Jorge
- Mr. Juan Molina Rodríguez
- Mr. Francisco Tello Sánchez

and to whose families we reiterate our condolences.

<b>TRAINING ACTIVITY</b>		
<b>COURSES</b>	<b>No. of Courses</b>	<b>No. of Students</b>
<b>Employees:</b>		
— Entrance .....	8	437
— Promotion .....	22	945
<b>Perfectioning:</b>		
— Administrative training .....	633	5,903
— Technical training .....	1,248	13,592
— Advanced systems .....	75	865
— Training abroad and postgraduate studies .....	11	444
Preparation for promotion .....	2	238
<b>TOTAL .....</b>	<b>1,999</b>	<b>22,424</b>