

## **Posti is rearranging its operations in parcel sorting - the changes will respond to changing customer needs**

29-08-2019

In the sorting operations of the Parcel & e-commerce business group, Posti pursues flexible terms of employment that are similar to those of its competitors. The objective of these actions is to respond to radical changes and rapidly changing customer needs as well as to secure and create new jobs in Finland.

In recent years, eCommerce has grown at about 10 percent a year in Finland. The growth is expected to accelerate as consumer behavior is changing. Parcel & eCommerce is a significant business area to Posti. Posti has prepared for its growth with multi-million investments and by constructing a nationwide Parcel Locker network that is popular among consumers.

eCommerce and parcel delivery face fierce competition. In addition to Finnish companies, there are various foreign companies operating in the field. As a major Finnish operator, Posti has an important role in the fast-growing international market. In order to be up against competition, Posti has to start using similar terms of employment as those used by other delivery industry operators.

The sorting personnel of the Parcel & eCommerce business group will adopt the Industrial Union collective agreement on November 1, 2019

Posti pursues flexible terms of employment that are similar to those of its competitors in the sorting operations of the Parcel & eCommerce business group, in which the personnel will transfer to Posti Palvelut Oy as old employees. The recipient company complies with the Industrial Union's Distribution collective agreement. The change concerns approximately 700 employers who will adopt the new collective agreement on November 1, 2019. With this change, the sorting operations will better respond to the rapid changes in business environment and customer needs. There is no need for personnel reductions in connection with the change. The current rearrangement does not require any action from the customer and has no effect on Posti's current services.

– It is very unfortunate that we have to make changes that affect the personnel's terms of employment. However, this change is necessary if we wish to secure jobs while also

creating new types of jobs. Consumer behavior has changed significantly, and customers expect speed, agility and competitive prices from services. The current change helps us respond to the rapidly changing needs of our customers and improves our competitiveness. I believe that by working together and investing in quality and customership, we also have an opportunity to create new kinds of business and jobs in Finland, says Turkka Kuusisto, the Senior Vice President of Posti's Parcel & eCommerce business group.

#### Personnel to receive transition period support

According to Kuusisto, the aim is to minimize the immediate effects that the amended terms of employment have on personnel income in two ways. The personnel will receive transition period support: if the quality of work remains level with the objectives, the overall income level will not change until the end of March 2020. After the transition period, employees can use compensation models to affect their own income with the efficiency and quality of their work.

– We understand that many will find the collective agreement difficult. Therefore we will invest in minimizing the immediate impacts this has on remuneration. The planned compensation models reward employees for good quality and customer

satisfaction and therefore make it possible for the transferred employees to receive even higher compensations than before the transfer, Kuusisto adds.

Posti also aims to find a solution on market terms for postal services

Posti is currently facing the greatest change of its history: consumer behavior has changed, digitalization is increasing, the volumes of paper mail have decreased at a growing rate and competition is becoming more intense. On the other hand, the volume of Posti's parcel delivery is growing; parcels and logistics already amount to over a half of Posti's net sales. Posti is looking for significant growth opportunities in parcels, eCommerce and logistics services.

As part of the transformation, Posti's cost savings target between 2019 and 2021 is about EUR 150–200 million. In fall 2019, Posti aims to find a market-based cost and collective agreement level in traditional postal services as well. Negotiations with the the Finnish Post and Logistics Union PAU and Service Sector Employers Palta will start at the beginning of September. With the liberalization of regulations in postal services, Posti now has 16 competitors in mail and publication delivery. The cost level of the collective agreements that other delivery companies comply with is significantly lower than the collective agreement of the PAU that Posti complies

with.

Posti is currently using 11 different collective agreements for various operations. Early-morning delivery, transport and warehouse

operations have already moved to collective agreements generally used in the fields which are more suitable to the work in question.

Source: [Posti](#)

