

Country report – Czech Republic

In the Czech Republic the Employment policy is part of the Economic policy. It is created by state institutions, but there are also other bodies active in the labour market, employers and trade unions involved in it. According to the National Employment Plan of the Czech Republic, the employment policy consists of four pillars. Those are similar as four pillars of European Labour Policy. The first one is dedicated to promoting employment. This pillar comprises measures to improve the employability of the workforce, ensuring an adequate level of its qualifications and flexibility in relation to the requirements of the labour market, including measures to help remove barriers to the development.

The term economic policy of the state usually means the set of economic measures aimed either horizontally, on the whole economy, or its different parts. By using macroeconomic regulators it tries to set a balance between labour supply and labour demand.

Main aim of employment policy in the Czech Republic is to achieve full employment and protection against unemployment.

State employment policy in the Czech Republic includes:

- Ensures the right to have a job;
- Monitoring and evaluating of the situation on the labour market, processing and forecasting concepts of employment and human resources development in the field of labour market programs and projects focused on job opportunities for natural persons;
- Coordination of actions in the field of employment and human resources development in the labour market together with the line of the European Employment Strategy and the conditions for funding from the European Social Fund;
- Creation and coordination of the various programs and measures to ensure the priorities in the field of employment and human resources development in the labour market;
- Implementation of active employment policy;
- Creation and participation in international programs related to the development of employment and human resources in the field of labour market;
- Managing the resources for employment policy;

- Providing of information, advisory and intermediary services on the labour market;
- Providing unemployment advisory and retraining;
- Measures to promote and achieve equal treatment among men and women, between persons with different racial or ethnic origin, persons with disabilities and other groups that have a disadvantageous position in the labour market;
- Measures for the employment of persons with disabilities and other groups of individuals who have a disadvantageous position in the labour market;

Labour Office of the Czech Republic

According to §4 of Act No. 73/2011 Coll. is Labour Office dealing with tasks in the areas of employment, protection of workers at the employer's insolvency and state social support. Labour Office is an administrative body with nationwide authority and organizational point of view is divided into headquarters and regional offices.

Directorate General Labour Office:

1. Gives and withdraws permission to legal entity or natural persons for employment mediation and keeps records of job agencies; data from these records transmits to the central register kept by the Ministry.
2. Establishes training and retraining centres and for persons with disabilities, labour rehabilitation centres.
3. Ensures the material support for the creation of new jobs and material support for retraining or training new employees as part of investment incentives and provides other related programs approved by the government.

Regional Labour Offices activities:

1. Recruitment for job seekers and job applicants.
2. Providing advisory and information services to employers and individuals in the area of employment and labour relations.
3. Ensuring implementation of the active employment policy, provides contributions from the active employment policy and pays unemployment benefits and retraining.

4. Keeping records of job vacancies, register of job seekers, registration of persons with disabilities, recording and registration of foreigners, permission of artistic, cultural, sporting or advertising activities of children.
5. Providing assessment, whether person is physically disadvantaged, or in case that an individual is not considering himself/herself a person disadvantaged if the lawful medical examination or other professional examinations weren't done.
6. Taking measures to prevent discrimination of gender, nationality, ethnic or racial origin, disability in cases concerning access to employment, retraining, work and preparation for specialized retraining courses.

Unemployment in the Czech Republic

Labour office in the Czech Republic is monitoring situation about number of unemployed people in our country. In the end of last year the numbers were:

<i>Total unemployed people:</i>	508 451
Men:	258 150
Women:	250 301
<i>From the total number:</i>	
Disabled people:	63 092
College absolvent:	29 230
<i>Numbers for applicants and vacancies:</i>	
Applicants:	508 451
Vacancies:	35 784
<i>The unemployment rate:</i>	8,5% ¹

Next table is showing the change in unemployment rate during last five years in the Czech Republic:

Year	2008	2009	2010	2011	2012 ²
Unemployment rate	6,0%	9,2%	9,6%	8,6%	8,5%

¹ These statistics were taken from official Labour Office websites, available at: <http://portal.mpsv.cz/>

² Actual rate to October 2012



Source: <http://portal.mpsv.cz/>

This map is showing the rate of unemployment in specific regions of the Czech Republic. The differences are made by several factors such as demographical trends, migratory movements, restricting the economy on both levels (micro and macro), low pay etc.

Actual situation on labour market:

In general the amount of unemployed people decreased by 0,1%. Most important factor is increased number of employed women, on the other side, the amount of employed men lowered. Unemployment rate in primary sector increased and its share on total employment rate decreased on 2,9%. Also in secondary sector the employment rate lowered but share of secondary sector on total employment rate increased. Only due the tertiary sector the general rate of employment increased.

Target group

There are five target groups in labour policy:

- University absolvent without vocational experiences;
- Young people without education;
- People in the age group 50+;
- People with disabilities;
- Long term unemployed.

These people have lack of experience or education. Their skills and qualifications are not competitive on the labour market.

Active employment policy

The employment policy is divided into active and passive employment policy. Active employment policy (AEP) focused in the past on unskilled labour force and its actions have directly or indirectly led to employment growth and job creation. In the past, from AEP benefited primarily branches linked to the infrastructure investment. Today AEP is the most useful especially for sectors where are increasing capital investment.

AEP is an essential tool for fighting unemployment, it is used by labour offices to help job seekers find new employment and support companies that employ candidates from problematic groups, alumni or create jobs in regions with the highest rate of unemployment.

Benefits and risks of realisation of selected active employment policy programs

In the Czech Republic we have three policy programs:

Retraining programs

The importance of retraining programs depends on analysis of the regional labour market situation. If the problem is persisting lack of jobs, then retraining programs have very limited success and the aim should be focused on creating jobs. Although it should be noted that the economy creates new jobs, even in times of general lack of jobs. Even then retraining programs are useful, by helping the most disadvantaged people as the basis for equal opportunities in the local labour market.

Retraining programs do not work only to fill the needs of employers. In the labour market, there are still many barriers that prevent full participation, even though people's qualification is sufficient. That might be problem with transportation, childcare, lack of work experience, discrimination or badly conducted surveys of employers.

Work-oriented retraining programs could eliminate the shortcomings of current qualifications. Participation in these programs can replace the non-existent work experience and/or remove any prejudices of employers towards unemployed people.

Activation measures

Activation measures reflect the fact that the duration of unemployment is negatively affecting the intensity of seeking activity. More unemployed people become demoralized and generally not looking as hard as they could. There are also other related problems associated with finding

a new job (telephone costs for commuting to tenders, etc.) that are prolonging the time spend in unemployment.

And those initiatives that aim on declining motivation and activity for seeking jobs and are trying to increase their effectiveness belong to activation measures. Those programs provide additional consultation and advice aimed especially to the long-term unemployed people.

An important question is whether activation programs should be optional or mandatory. (That means that an unemployed person would be under the threat of penalty by reducing or withdrawing the benefits if he/she does not participate in the measure.) Mandatory programs provide the full participation of the majority of the unemployed, although there is a risk of passive cooperation of participants (people doing the minimum required to keep their right to unemployment benefits).

Risk of voluntary program is that they involve only the most motivated people and the limited financial and human resources are "wasted" on people relatively least needing help.

Job creation

In localities where the unemployment problem is associated with a lack of opportunities, the implementation of programs of job creation may be appropriate for local employers/organizations. These programs are implemented to increase the demand for labour.

From an analytical point of view they can be divided into three groups:

- Direct creation of jobs;
- Support employers to create new jobs;
- Support the creation of new organizations.

Tools of active employment policy

1 Requalification

Requalification means the acquisition of new skills or extension of current skills, including their maintaining and refreshing. Requalification is also a qualification for a natural person, who has no qualifications received yet³. Requalification is provided by Labour Office or by employers using financial support from Labour Office.

Target group is really wide, but most benefiting persons are those, who didn't work for some time (mothers on maternity leave, long term unemployed). Problem with this tool is financial sum of money needed, but anyway it is the most often used tool. It is really effective tool that could be applied on really wide scale of people.

This tool will be specified in second part of this report.

2 Community services

The point of community service is to create new jobs, especially for hardly enforceable candidates from Labour Office that are created by municipality or employer by agreement with Labour Office minimally for a period of 12 months. (Act No. 435/2004 Coll. Employment, § 108).

In 2006-2007 there was a radical decrease in the total amount of job applicants included in the community services. The reason was reduction of financial resources spent on the implementation of community services. Since 2008 the community services as a tool was co-financed by ESF funding through national individual projects within the OP HRE⁴, specifically National Community Service project, which resulted in an annual increase in the number of enrolled candidates.

This tool will be also more specified in the second part of this report.

³ Law No. 435/2004 Coll., Employment, §108

⁴ In the period 2007-2013, the funds are withdrawn through the Operational Programme Human Resources and Employment (OP HRE) from the ESF. The objective of the OP HRE is to increase employment and employability of people in the Czech Republic at the average level of the top 15 EU countries

3 Socially useful jobs

Socially beneficial jobs mean jobs that are established by the employer after an agreement with the Labour office, reserved for applicants who cannot find work by any other way. Socially efficient workplace is also a job that has been set up by Labour office after agreement with the job applicant for self-employment. The Labour office may provide contributions for the socially useful work.

Year	2006	2007	2008	2009	2010	2011
Amount of ranked candidates	22 992	14 710	12 756	20 208	25 882	13 410

Source: MPSV ČR, Analysis of situation on Labour market 2006-2011.

This tool is suffering with problem, that the amount of money might not sufficient for the needs. Another gap is bureaucratic severity. Still it is one of the most effective tools of AEP. It leads to long term employability on Labour market. Activities belonging to this tool are organised by Labour office.

4 Support employment with disabilities

To natural persons with disabilities shall be provided increased protection in the labour market. There are several ways how to achieve this:

- Work rehabilitation

Vocational rehabilitation is a continuous activity aimed to obtain and maintain suitable employment for persons with disabilities, which is applied and covered by Labour office. Work includes rehabilitation counselling activities focused mainly on the choice of profession, choice of employment or other gainful activity, theoretical and practical training for employment or other gainful activity, procurement, maintenance and change of employment, change of occupation and the creation of appropriate conditions for employment.

- Protected jobs

Protected job is a job created by the employer for a person with disabilities on the basis of a written agreement with the Labour Office. Protected jobs must be operated for at least 2 years from the date agreed in the agreement. The creation of protected job can be followed by providing the employer labour office's contribution.

Year	2006	2007	2008	2009	2010	2011
Amount of ranked candidates	1 606	1 284	974	1 231	1 640	1 405

Source: MPSV ČR, Analysis of situation on Labour market 2006-2011.

- Contribution to support the employment of people with disabilities

Employers that are employing more than 50% people with disabilities from the total number of employees shall receive a contribution to support the employment of such persons. These contributions are provided by the Labour office.

Contributions are provided to the employer monthly in amount of salary costs actually incurred by an employee who is a person with disabilities, including social security and contribution to the state employment policy and public health insurance.

- Another tools of active employment policy:

- Bridging allowance;
- Travel allowance to employees;
- Contribution to incorporation;
- Contribution to the transition to a new business program;
- Programs to solve unemployment.

Second part

Requalification

Requalification means the acquisition of new skills, or extension of current skills, including their maintaining and refreshing. Requalification is also a qualification for a natural person, who has no qualifications received yet.

The content and range of requalification is determined by actual level of qualification, health condition, skills and experiences of person that is going to be prequalified by gaining new theoretical knowledge and practical skills.

Requalification can be done only by accredited facilities and educational or medical institutions with accredited training programs.

Requalification takes the form of education:

- Educational programs in continuing professional education;
- Special programs for obtaining a specific job skills;
- Educational activities in the framework of international programs;
- Educational programs focused on job seekers who receive extra attention in the mediation of employment;
- School programs for secondary education within the educational system;
- Other educational activities aimed to acquire new skills or to extend existing qualification.

Individual educational programs and activities can be combined.

Requalification costs consist of the following costs:

- Direct costs of retraining (materials, salaries and other direct costs);
- Overhead costs incurred in the implementation of requalification;
- Cost of the partial retraining, which provides facilities for requalification or other educational institutions;
- Reasonable profit (up to 15% of the costs incurred);
- Cost of the equipment;
- Cost of personal protective equipment, detergents, cleaners, disinfectants and protective beverages provided to participants in retraining;

- Health insurance arranged for participation in retraining;
- Travel expenses;
- Accommodation expenses;

Development of the count of job seekers enrolled in requalification:

Year	2006	2007	2008	2009	2010	2011
Count of persons	63 366	73 326	58 290	49 792	84 661	75 897

Source: MPSV ČR, Analysis of situation on Labour market 2006-2011.

From this chart we can see that until 2008 the amount of persons in requalification programs was increasing. In 2008-2009 the amount had fall that was caused by implementation of retraining activities under each grant, regional and national projects, which were attended mainly by job seekers and also a high proportion of foreign workers, which decreased the pressure on qualifying people with difficulties to place on the labour market.⁵ In 2009, assigning requalification seekers was braked by the duty of labour offices to provide retraining according to Act 137/2006 Coll., of public procurement. In 2010 and 2011 there was an increase of candidates. The increase in the total number of enrolled candidates was mainly due to the implementation of the National Retraining and individual consultancy project, implementation of regional and individual projects and grant projects funded by the ESF.

The purpose of this tool is to help our target group to be get employed or re-employed. People with disabilities with some education can be prequalified and have a chance to be employed in different field. Young people can finish their education, uneducated can get education and some specialisation. People in the age group 50+ can extend their skills and get re-employed.

Community service

Community service is a time limited employment opportunity mainly consisting in the maintenance of public spaces, cleaning and maintenance of public buildings and roads, or other similar activities. Among other similar activities belong work as personal assistant of persons with disabilities, volunteer charitable work, social, cultural, volunteer work in schools and

⁵ Analysis of development employment and unemployment in 2008 [online]. [cit. 7. 11. 2012], Available: <http://portal.mpsv.cz/sz/politikazamest/trh_prace/rok2008/Anal2008.pdf> .

school facilities, maintenance work for a municipality, state and civic institutions and civic associations.

EU supports this policy of employment through projects. Projects are implemented mainly through Labour offices.⁶

The basic criterion for selection of clients, which will be offered to the public service, is being kept in the evidence of job seekers for more than one year continuously or more than one year during the last three years. Consistent with the objectives of the public service, the Labour office will further, during selection, take into account client's motivation to seek employment, economic and social status, qualifications, family, health, age, transport options etc.

Year	2006	2007	2008	2009	2010	2011
Amount of ranked candidates	18 011	12 374	16 616	19 794	22 882	21 322

Source: MPSV ČR, Analysis of situation on Labour market 2006-2011

In the system of the public service was on 30th June 2012 registered 37,768 jobseekers.

The public service's aim is the activation of long-term unemployed to return back to the labour market, further public service has become an effective tool in the fight against social exclusion and illegal employment. It is meant to give them or let them preserve the competences unnecessary for finding new job – that means work habits and social contact within local communities.

The contract of public services is mainly concluded for a period of 3-6 months. It also depends on consideration of the Labour Office of the Czech Republic, if the public service candidates will be included repeatedly.

The average number of hours worked in the public service to one worker is 121.3 hours.

Average number of days worked in the public service to one worker is 27.7 days.

Community service was in 2012 implemented into Employment law.

⁶ <http://www.esfcr.cz/projekty/verejne-prospesne-prace>