

2016

Annual Review of Labour Relations and Social Dialogue Czech Republic

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- The Czech Republic has recorded a continued period of growth and low unemployment, although growth of investment and industrial production has slowed down from the previous year after one-off effects of record absorption of European funds has faded.
- After the tense relationship between trade unions and the right-wing government from 2010 to 2013, social dialogue continued to improve rapidly under the government of Bohuslav Sobotka (ČSSD). Tripartite collaboration has therefore not just been renewed but has also been praised by both the employees' and employers' organisations. Tensions between the two parts of the dialogue nevertheless became more prominent during 2016.
- ČMKOS continued in its high-profile campaign of "The End of Cheap Labour" that was introduced in June 2015 and extended it to more specific areas such as "The End of Cheap Teachers". ČMKOS demanded that industry create more high-profile positions and recommended that the unions should demand a 5.5 per cent pay increase in collective bargaining (up slightly from 5 per cent in 2015).
- More attention was given in 2016 to the decision to raise the minimum wage from 9,900 CZK to 11,000 CZK (€407 EUR) from January 2017, which sparked protests from the employers.
- The economic situation has been dominated by record-low unemployment (by far the lowest in the European Union at 3.8 per cent in October), but also an extremely high job vacancy rate (3.1 per cent in Q3). This has created more tensions for social dialogue as trade unions continued to oppose facilitating the import of low-skilled labour, mostly from Eastern European non-EU states, while employers have demanded compensatory measures. The tension is largely driven by the disagreement on the future development of wages as trade unions see cheap-labour importation as a tool to avoid wage increases across-the-board during this period of labour shortage.
- In the context of a low-wage economy, renewed interest has been given to the problem of investment income outflow from the Czech Republic, reaching almost 8 per cent of GDP (excluding reinvestment) in 2015. According to a government study, at least half of this outflow seems to be disproportional to objective economic variables, sparking debates on the need of a policy to speed up the pressure on wage increases.



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1. SOCIO-ECONOMIC DEVELOPMENTS

Growth in the Czech economy went through an expected slowdown in 2016 (provisionally reaching 2.4 per cent) from 4.5 per cent in 2015. The growth remained evenly distributed among all activities in the economy. The Czech population gradually continues to lose fears about the future and its demand for goods and services is on the rise, while the expectation of higher wages is also rising as general economic indicators are improving (although in a slower manner than in 2015) and

the population is becoming increasingly conscious of the need to rebalance wage growth vis-à-vis major EU economies.

The economic recovery, after the downturn in the years following the global economic crisis in 2008 and the ensuing recession of 2012 and 2013 due to strong austerity measures, peaked in 2015 and now is at the long-term levels expected for the economy (between 2 and 2.5 per cent). During the crisis, the export-oriented economy had been heavily affected by dampened foreign demand and the economy only started to gradually improve in 2013.

Table 1: Key macroeconomics indicators 2007–2015

<i>Indicator</i>	2007	2008	2009	2010	2011	2012	2013	2014	2015
GDP %, (y/y, real terms)	5.5	2.7	-4.8	2.3	2.0	-0.9	-0.5	2.7	4.5
Construction output (% , y/y, real terms)	7.1	0.0	- 0.9	- 7.4	- 3.6	-7.6	-6.7	4.3	7.0
Industry output (% , y/y)	10.6	-1.8	-13.6	8.6	5.9	-0.8	-0.1	5.0	4.6
Export of goods and services (% , y/y, real terms)	11.1	4.2	-9.8	15.0	9.3	4.2	0.2	8.7	7.7
CPI (% , y/y, average)	2.8	6.3	1.0	1.5	1.9	3.3	1.4	0.4	0.3
Aggregate labour productivity (% , y/y)	3.5	0.4	-3.1	3.2	2.1	-0.9	-0.6	2.0	3.2
Average gross nominal wage increase (% , y/y)	7.2	7.8	3.3	2.2	2.5	2.5	- 0.1	2.9	2.7

Source: *Czech Statistical Office (Český statistický úřad, ČSÚ), European Commission.*

During 2016, economic growth slowed down mainly due to lower absorption of EU funds and related lower growth of investment activity and thus overall domestic demand contributed to reduce economic growth (by 1.0 percentage point. after 4.1 percent growth in 2015), but the improvement in the labour market situation and the overall better economic situation continued. Net contribution of exports is expected to increase in 2016 to 0.8 percentage points after three years of a negative or near-to-zero contribution due to an improving trade balance reaching a surplus of 5.1 per cent (from 4.5 per cent in 2015). Unit labour costs

are expected to increase in 2016 by 2.7 per cent after three years of stagnation. Growth is expected to reach 2.4 per cent (after growth of 4.5 per cent in 2015) and accelerate slightly in 2017 to 2.5 per cent, thus reaching its long-term growth potential. The economic growth was only slightly inflationary with inflation increasing to an projected 0.5 per cent in 2016 from 0.1 per cent in 2015. The state’s fiscal account is aiming for a balanced budget or a slight surplus at the end of 2016.



The unemployment rate further decreased in 2016 to a record low of 3.8 per cent (using Eurostat methodology) in October 2016, the lowest in the EU and the negative consequences of the recession have definitively faded from the labour market with a Beveridge curve moving steadily towards lower unemployment and a higher vacancy rate. Wage increases in the business sector have accelerated in 2016 from low levels of 2015 and are catching up with the high increases recorded in the public sector as a result of a public policy of wage increases for state employees. The overall wage increases reached 4.0 per cent in real terms in November 2016 year on year. The most recent number for industrial and construction production (October 2016) showed rather significant decreases of -1.7 per cent and -8.5 per cent respectively mainly due to a lower investment activity. The shortage in the workforce continues to be a serious risk for further growth and wage increases have not sufficiently balanced the demand and supply for labour.

The Gini-coefficient on income inequality decreased in 2015 to 25.0 (from 25.1 in 2014), returning roughly to the level of 2010 and is expected to remain about the same in 2016. The coefficient remains in the lower-bound of EU countries.

2. STATE POLICIES

The government of Bohuslav Sobotka continued in its policies of promoting an economic programme based on support of entrepreneurship, transparent government, more pro-active labour market measures, a sustainable pension system, social peace, and investment in education, science and research. In May 2015, the government established the National Reform Programme (NPR) of the Czech Republic, as a regular strategic document consisting of important measures that should help in boosting economic growth and the competitiveness of the Czech economy. The NPR, together with other measures, has been centralised in an Action Plan for Growth and Employment updated in 2016, which was appreciated

by both the trade unions and employers who regularly cooperated on the preliminary version. Measures suggested in the Action Plan are derived from the coalition agreement and consist of priorities in using European structural funds, transparency of public finance, efficiency of institutions, an attractive business environment, crucial industrial infrastructure, a functional labour market and educational system, social inclusion and growth based on research and innovations.

In 2016 significant progress was achieved in social and family policies: affordable and quality childcare services were increased through the continued implementation of the so-called “children's group” legislation, which sets the parameters of childcare services delivered on a non-profit basis. Another element of the government's family-friendly policies is an increase in the tax benefits for second and subsequent children. After a one-off increase in pension valorisation, further discussions continue on an increase of pensions for the elderly with a progressive element of incorporating a larger share of wage increases.

Despite a positive vote on the package of laws on fiscal responsibility, the Senate has blocked the legislation, which remains now pending, ensuing a European Directive on the so-called Six Pack and increases a risk of infringement proceedings against the Czech Republic. The act included the introduction of a so-called debt brake at the constitutional level and the establishment of a functionally-independent institution with responsibility for assessing fiscal and budgetary performance.

The Parliament has also approved an amendment to the Higher Education Act; its aim is to increase the quality of higher education through changes to its evaluation system and giving schools financing for inclusion of handicapped students, sparking large controversies. Further measures have been implemented on the improvement of the infrastructure investment environment, namely the Act



on Linear Constructions, which should streamline the approval procedures for motorway and railway constructions.

Reform measures are focused on supporting economic growth and employment, as well as tax collection. During 2016, the Act on Electronic Evidence of Purchase (EET) was implemented and started its functioning in hospitality and restaurant services as of December 2016 with limited data for evaluation, but with an expected increase in tax collection. The state budget for 2016 assumed growth in government investment, especially in the upgrade of public infrastructure, particularly roads and rail, which remains seriously hindered by unfinished key infrastructural projects and the investments have been largely redirected towards lower-profile projects (local and regional roads).

The first modifications to the 2006 Labour Code by Labour Minister Michaela Marksová (Social Democrats) were meant to modernise the work environment, including new rules on working from home and other measures of combined flexibility and protection of workers, mainly with a view of work-life balance reconciliation, and facing more resistance from employers than from trade unions. From 1 January 2016 the minimum wage was raised to 9 900 CZK (€366) and a further increase was implemented to 11 000 CZK (€407) in January 2017. The government thus continued in its efforts to increase the minimum wage from 8 500 CZK in 2013. Well over 100,000 employees (2 per cent) should benefit from this increase with spill-over effects on a larger part of the population. The government also implemented an increase in wages in the public sector of 4 per cent, after a 5 per cent increase the preceding year, as well as an 8 per cent increase in teachers' wages being generally considered as undervalued.

3. INDUSTRIAL RELATIONS

During recent years, employee representation has encountered new employer strategies to circumvent obligations of employment based on labour law, often by means of pseudo-recruitment agencies. Agency employment has become an even more prominent instrument to employ workers in precarious conditions; sometimes in the same production chain with uneven conditions and heavily relying on a workforce from other EU or even non-EU countries. No specific collective action has been taken nevertheless in these areas.

Furthermore, awareness is growing about the internet employment platforms and their effect on labour conditions, with the individual transport company Uber becoming a prominent proxy employer mainly in the area, sparking protests from some business associations, but no tangible organisation on the trade union level. This area remains nevertheless a sensitive issue considering attempts to sub-contract agency workers (see above) from outside the EU for the jobs in the platform economy, creating further pressure on labour conditions mainly in the transport sectors.

Concerning industrial conflicts, there is no legally-defined reporting, which could be used to create a comprehensive central register. Such activities by the social partners have not been centrally monitored since 1997, while the only sources reporting the number of industrial actions are self-reporting trade unions. According to the ČMKOS progress reports on higher-level and company-level collective bargaining in 2016, no strike took place in connection with collective bargaining and concluding collective agreements at the higher level (sectoral level) since 2003 and no other strikes were declared while concluding company-level collective agreements in 2016 (with two strikes in 2015 by the Czech Airlines Crew Union Organisation another one by the trade union in IG Wateeuw ČR, s. r. o., while these strikes were the first after ten years. The last strike in terms of



concluding a company level agreement occurred in 2005 in Škoda Auto, of Volkswagen Group). No strike emergencies have been declared in connection with concluding collective agreements at the sectoral level, while five have been declared during company-level collective negotiations in 2016 (Toyota and Peugeot Citroën Automobile, GalvanKo, Znojenská dopravní společnost, Unipetrol a.s. and SOLODOOR Sušice). A strike drawing strong media attention was started in December by the Trade Union of the Post Office (represented by the company-based trade union coordination committee of Czech Post – Podnikový koordinační odborový výbor České pošty) with demands for a wage increase of 2 500 CZK (93€) with a yet unknown result.

An increasing friction has been registered between trade unions and employers from the biggest increase in minimum wage agreed during 2016 (an increase of 1 100 CZK to 11 000 CZK or €407) as employers asked for a higher degree of automatic ways of increasing minimum wages based on productivity growth rather than discretionary decisions by the government. Nevertheless, the coalition agreements set a goal for the four-year period of the government to increase the minimum wage to 40 per cent of the average wage, leading to a minimum wage over 12 000 CZK (€444). Similar frictions have been registered in the subsequent campaign of End of Cheap Labour (Konec levné práce) asking the trade union organisation to request a wage increase in 2017 of 5.0 to 5.5 per cent in nominal terms. The campaign has increasing media coverage and prominence among trade unions. The employer's side is not unconstructive but has demanded a slower or more differentiated approach.

Another point of friction concerns the shortage in the workforce (a record high vacancy rate), which concerns mainly jobs with medium and low-level qualifications. While employers' organisations demand more openness for workforce immigration, trade unions argue that this would only allow companies to leave wages

low for all workers and would not lead to the necessary increase in wages to adjust the labour demand and supply accordingly. The government has approved a facilitated immigration procedure for highly-qualified Ukrainians, mainly with university degrees. This happened partly as a compensatory measure to the refusal of the quota system for refugees from other countries.

4. TRIPARTITE SOCIAL DIALOGUE

Tripartite Social Dialogue in the Czech Republic has been affected particularly by the level of communication between the government and social partners. Except for a short period during the caretaker government of Prime Minister Jan Fischer (May 2009-July 2010), who pledged to communicate with social partners and respect their views, communication was problematic from 2006 to 2013 (the governments of Mirek Topolánek from 2006 to 2009 and Petr Nečas from 2010 to 2013).

After early elections held on 25 and 26 October 2013, actually seven months before the end of the four-year legislative term of the government, a centre-left government was formed with Prime Minister Bohuslav, and the relationship between social partners, especially trade unions and the government, improved rapidly. The President of the Czech-Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů, ČMKOS) has said the relationship with the government is the best in 25 years. During 2016, social dialogue has been equally praised by the President of the Union of Industry and Transport (the most important employer organisation), highlighting the willingness of the government to form a continuous social dialogue and discuss with them major economic and political reforms.

The willingness of the social partners to collaborate with the government is expected to continue in 2017 as an opportunity for both parties to the social dialogue to permanently institutionalise the current level of cooperation. Both



social partners have been delegated with rights to comment on government legislation in a quality of requisite parties (their objections have to be cleared out by the respective ministries and cannot be ignored). Concluding a political agreement, a large part of the strategic plans of the current government will be delegated to the social partners to present in front of the next government independently of its political leaning. Social partners thus have become holders of the strategic policy planning and an increasingly important institutionalised structure of the Czech economic space.

5. FORECASTS

According to the Ministry of Finance's official Macroeconomic Forecast,¹ the growth rate is expected to continue at 2.5 per cent in 2017 as will the overall investment and consumption situation. The situation in the labour market will remain stable with employment increasing only slightly and unemployment remaining steadily low. The probable exit of the Czech National Bank from currency interventions will temporarily weaken exports and could harm

employment in some industries unless necessary government measures are taken. The fiscal situation is expected to improve as government debt as a share of GDP will decrease to under 40 per cent.

In social dialogue, it is expected that the trade unions will continue fighting for increases in wages and to use the prominently positive economic environment to demand high wage increases across all sectors. They will also very fiercely oppose compensating for the workforce shortage by bringing in workers from outside the country – not as a protectionist measure – but as a way to prevent employers from bridging a short-term shortage with new employees instead of raising wages to an economic equilibrium.

Both social partners will exhibit a high degree of support for the current government and probably will play a role during the election campaign to support the government's long-term strategic policies. Debate will continue on providing employees with benefits during the first three days of sickness.

¹ See Ministry of Finance of the Czech Republic: Survey of Macroeconomic Forecasts – November 2016. Prague: Ministry of Finance of the Czech Republic. Available at

http://www.mfcr.cz/assets/cs/media/Makro-fiskalni-vyhled_2016-Q4_Fiskalni-vyhled-CR-listopad-2016.pdf



ANNEX OF DATA

• **Collective Bargaining System**

Collective bargaining is regulated by law, in terms of both the process and the content. Obligations arising from collective agreements are binding on the contractual parties and the fulfilment of such obligations is legally enforceable. Czech law distinguishes between company-level collective agreements (CLCAs), concluded between the relevant trade union body and an employer, and higher-level collective agreements (HLCAs), concluded for a greater number of employees by the relevant higher-level trade union body and an organisation or organisations of employers. The most prevalent level of collective bargaining in the Czech Republic is the company level; however, there is no central register of CLCAs. For collective bargaining at the company level, the legally binding minimum is – if an HLCA applies to the relevant employer – those obligations negotiated in the higher-level agreement. Extension of the binding nature of HLCAs to another employer is possible under the conditions set by law. The Ministry of Labour and Social Affairs of the Czech Republic (MPSV ČR) holds the relevant powers. Agreements are extended based on a proposal made by both contractual parties to the agreement, provided that the conditions determined by law are met. The number of strikes and strike emergencies are limited due to legal requirements on the voting of two-thirds of the employees in order to legally pursue a strike.

• **System of tripartite social dialogue**

The tripartite forum at the national level, the Council of Economic and Social Agreement (Rada hospodářské a sociální dohody, RHSD) is the country's main social dialogue institution. The work of the RHSD is strictly consultative, but plays an increasing role under the current government. The aim of the tripartite organisation is to reach agreement via mutu-

ally respected forms of dialogue in fundamental areas of economic and social development. Above all, it wants to maintain social consensus as a prerequisite for positive development of the economy as well as citizens' standard of living. Some areas of government decision-making are almost delegated to the tripartite level, such as the minimum wage or special immigration procedures for non-EU workers. In case of a discord, the government nevertheless takes a stance.

The top negotiating body of the tripartite organisation is the Plenary Meeting, where the government delegation is represented by 8 members, employer organisations by 7 representatives – namely from the Confederation of Industry of the Czech Republic (Svaz průmyslu a dopravy ČR, SP ČR) and the Confederation of Employer and Entrepreneur Associations of the Czech Republic (Konfederace zaměstnavatelských a podnikatelských svazů ČR, KZPS ČR) – and the union confederations by 7 members – namely from ČMKOS and the Association of Independent Trade Unions (Asociace samostatných odborů ČR, ASO ČR). Criteria for participation are set in the RHSD Statute. Conclusions of the tripartite meeting are approved by all participants of the talks. If consensus fails to be reached and common conclusions fail to be accepted, different opinions of the delegations on the issues at hand are published.

The areas on which the RHSD comments are defined by the RHSD Statute: economic policy, labour relations, collective bargaining and employment, social issues, public service wages and salaries, public administration, safety at work, development of human resources and education, and the Czech Republic's position within the EU. In particular, the first and the last areas are very broad and may encompass a range of various policies, which are broadly discussed on a tripartite level and social partners are given large say in the government decisions. In a European perspective, the Czech Republic is one of the countries in



which tripartite concentration covers a wide array of activities. Tripartite meetings are institutionalised also on a working level, mainly in the area of economic, EU-related and tax policies.

- **Social security systems**

All Czech citizens (employees) are covered by health insurance.

Unemployment benefits are paid to job applicants. A job applicant is a natural person with residence in the Czech Republic who applies for a mediation of suitable employment and, while complying with legally-prescribed requirements, is included in the job applicant register maintained by the Labour Office. The job applicant can be only a natural person who is not in a labour-law relation/service, or self-employed, without foreign income, or a pupil or student preparing for a future occupation. A natural person cannot become a job applicant at the time when the person is recognized as being temporarily incapable to work, under jail sentence or in custody, drawing maternity benefits, or disabled. Eligible for an unemployment benefit are citizens with residence in the Czech Republic, who:

- a) In two years prior to their registration in the job applicant register had at least 12 months of pension insurance,
- b) Asked the regional office of the Labour Office where they are registered to be in the register of job seekers to provide unemployment benefits
- c) Is not a beneficiary of an old-age pension to the day on which the unemployment benefit is to be granted.

- **Education and vocational training**

Training of employees is regulated by Act No. 262/2006 Coll., Labour Code in Articles 227-235. Under this, the employer is obligated to take care of employees' professional (vocational) development. This includes: induction training and on-the-job training; professional

practice for school graduates (internship); improvement of qualification; and qualification upgrading. If an employee starts employment with no skills or qualifications, his employer has to arrange for an induction or on-the-job training; this is considered as part of the employee's paid work. The employer also has to arrange induction training or on-the-job training as necessary for an employee who is transferred to a new workplace or to a new type of work due to a decision made by the employer.

During the economic recession companies reduced their own investments in staff training to decrease costs. However, a few public schemes and programmes supporting professional training have been created, in particular thanks to the resources from the European Social Fund. Awareness about the importance and benefits of employee education has been growing over the long term. The subsidy programs were thus of great interest to enterprises and many employees got a chance to expand their skills and knowledge in the time of crisis.

The in-company training system is better developed in big companies. Thanks to public support, professional education has likely expanded among smaller companies as well; they started pursuing this topic to a greater extent. More attention was paid to staff training in companies with foreign ownership (however, these are more often present in big companies). Professional training has likely expanded among the staff with lower education as well, while in the past it was primarily a domain of highly-qualified workers. On the contrary, professional education was not likely to occur, for example, among temporary agency workers who were not encouraged by public schemes. The issue of vocational training is traditionally a standard part of collective agreements, especially at the company level; however, universal regulations prevail. In 2015, general conditions for employees' professional development have been agreed in 33 per cent of CLCAs.



In their 2015 programme “Vision for Change in the Economic Strategy of the Czech Republic”, ČMKOS insisted on more state-investment for technical training and research in order to establish the Czech Republic as a high-productivity country. A system, which would

imply an obligatory contribution to dual education system, is repeatedly raised by social partners but is regularly dismissed on the ground that companies have no obligation to become members of the employer organisations.

- **Unemployment rate**

Registered rate of unemployment according to ILO methodology (% , average of year)

2008	2009	2010	2011	2012	2013	2014	2015	2016
4.4	6.7	7.3	6.7	7.0	7.0	6.1	5.2	5.1 ^f

Source: Czech Statistical Office Source (Český statistický úřad, ČSÚ)

This source is usually used when dealing with data on the labour market in the Czech Republic. These data are measured by the Labour Force Sample Survey and has been fully harmonised with the standards of Eurostat and has corresponded to the contents of Council Regulation (EU) No. 577/98. Note ^f means forecast.

- **Youth unemployment rate (age group 15–24)**

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Rate of unemployment (%)	17.5	10.7	9.9	16.6	18.3	18.1	19.5	18.9	15.9	12.6

Source: Eurostat

- **Employment rate (age group 15–64 years)**

Year	2008	2009	2010	2011	2012	2013	2014	2015
Employment rate (%)	66.6	65.4	65.0	65.7	66.5	67.7	69.0	70.2
Employment rate – males (%)	75.4	73.8	73.5	74.0	74.6	75.7	77.0	77.9
Employment rate – females (%)	57.6	56.7	56.3	57.2	58.2	59.6	60.7	62.4

Source: Eurostat

Age group	Rate of unemployment – total (%)	Rate of unemployment – females (%)	Rate of unemployment – males (%)
15–19	31.8	32.7	31.1
20–24	10.7	12.6	9.5
25–29	6.7	7.4	6.2
30–34	5.9	7.5	4.8
35–39	4.6	6.5	3.1



40–44	3.6	5.1	2.3
45–49	3.5	4.2	2.9
50–54	4.2	4.9	3.6
55–59	5.1	5.8	4.5
60–64	2.8	2.0	3.3
65+	1.1	:	1.2

Source: Eurostat

- **Net average monthly salaries**

Salaries	2008	2009	2010	2011	2012	2013	2014	2015
Average nominal gross monthly wage (in €)	840	888	943	947	999	910	951	979
Median of gross monthly wages (in €)	830	841	894	849	882	817	853	879

Source: Czech Statistical Office Source (Český statistický úřad, ČSÚ)

For calculation in €, the exchange rates on <http://www.oanda.com> were used.

- **Gender pay gap (adjusted form)**

Gender pay gap is above average in the Czech Republic.

2008	2009	2010	2011	2012	2013	2014	2015
26.2	25.9	21.6	22.6	22.0	22.1	22.5	n.a.

Source: Eurostat

- **Net monthly minimum wage (€/month)**

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
300	298	302	319	310	318	310	332	366	407

Source: Eurostat

The minimum wage is regulated by the Labour Code (Act No. 262/2006) and the Government Decree on the Minimum Wage (Act No. 567/2006). The minimum wage was frozen from 2007 (CZK 8,000 or € 309 (oanda.com) per month for a 40-hour week, the equivalent of CZK 46.10 an hour) until 1 August 2013, when the new monthly minimum wage was increased (CZK 8,500 or €329 per month for a 40-hour week, the equivalent of CZK 50.60 an hour). The fluctuation in between is due to the exchange rate. From January 2015 the minimum wage was increased to CZK 9,200

(€333), from January 2016 to CZK 9,900 (€366) and from January 2017 to CZK 11,000 (€407).



• **Actual weekly working hours**

In 2015, there were 40.4 usual weekly hours worked on the main job on average.² The vast majority (93.8 per cent)³ of collective agreements deal with the issue of working hours.

Average collectively agreed working hours have amounted to 37.7 hours a week in 2016⁴ (where they were explicitly stated in the agreement). In 2001, the Labour Code introduced a maximum limit of 40 hours per week for weekly working hours.

• **Normal work / atypical work (2015)**

Type of job holders	Working full-time	Working part-time
Permanent job holders	4,376,557	173,650
Temporary job holders	311,942	86,249
Total	4,688,500	259,900

Source: Czech Statistical Office (Český statistický úřad, ČSÚ). Total data are from 2015, more detailed data are extrapolated from a 2014 distribution.

• **Migration flows 2008–2015**

External Migration	2008	2009	2010	2011	2012	2013	2014	2015
Immigrants	77,817	38,199	39,973	22,590	30,298	29,579	41,625	34,922
Emigrants	6,027	11,629	14,867	5,701	20,005	30,876	19,964	18,945

Source: Czech Statistical Office (Český statistický úřad, ČSÚ)

• **Human Development Index (HDI)**

Index and Ranking	2008	2009	2010	2011	2012	2013	2014	2015
Human Development Index	n. a.	0.841	0.841	0.865	0.873	0.861	0.870	n.a.
International ranking	n. a.	28	28	27	28	28	28	n.a.

Source: United Nations Development Programme, data for 2015 will be available in early 2016.

• **Gini-coefficient**

2008	2009	2010	2011	2012	2013	2014	2015
24.7	25.1	24.9	25.2	24.9	24.6	25.1	25.0

Source: Eurostat

² Source: Czech Statistical Office.

³ Working Conditions Information System (Informační systém o pracovních podmínkách, ISPP), table A22a, available at http://www.kolektivnismlouvny.cz/download/2015/IPP_2015

⁴ Ibid.



- **Collective agreement coverage⁵**

There is no register of company-level collective agreements concluded in the Czech Republic; however, higher-level collective agreements are monitored by the Ministry of Labour and Social Affairs of the Czech Republic (Ministerstvo práce a sociálních věcí České republiky, MPSV ČR).⁶ There were 18 higher-level collective agreements concluded in 2016, which is higher than in 2015 (16 HLCAs), according to ČMKOS.

According to ČMKOS data,⁷ 31.6 per cent of the employees in the Czech Republic are covered by a company-level collective agreement. One reason for the domination of company-level collective agreements can be seen in the domination of the one-workplace – one-union principle in the Czech Republic that has been a legacy of decentralization after 1990.

Some attempts have been made to create a more sectoral approach with no tangible success in terms of creating an increased number of sectoral agreements. As of 2016, only 4 collective agreements on the sectoral level are valid, concerning workers in (i) agriculture, (ii) transport, (iii) the textile and leather industry, and (iv) construction.⁸

- **On-going important Collective Bargaining Agreements**

There are no special or most important collective agreements, even on the company or sector level. The economic recession had an impact on collective bargaining as late as in 2009. Impacts of the crisis on collective bargaining and conditions agreed in collective agreements differ by sector, because different sectors have been/were affected by the crisis

differently, or with a delay. Although the situation still differs by sector and company, according to ČMKOS, collective bargaining is more stable and trade unions are more ambitious.

Collective agreements, especially company-level ones, address a wide range of issues related to labour law, such as the reduction of working hours without reducing wages and leave entitlement. The agreements also cover employment conditions, for example fixed-term work, part-time work and temporary agency work. Furthermore, the agreements consider social policy, such as employee recreation and transport, as well as continuous vocational training, and health and safety. Collective agreements usually also set principles for the cooperation of the contractual partners. The content structure of collective agreements has remained unchanged for years and is seldom subject to change.

- **Trade union density**

The overall and long-term trend, as in other EU countries, is decreasing membership of trade unions and this has not been markedly affected by the crisis. This continuing downward trend has affected the majority of trade unions in the country. Despite the fact that public trust in trade unions in the Czech Republic is increasing⁹, the number of union members has slightly decreased. Trade union density is estimated to be 13 per cent in 2014 (12.7 according to the OECD as for 2013). It should be noted that this rate includes inactive members, such as pensioners. ČMKOS unions frequently retain a significant pensioner member-

⁵ Separate data on public and private sector are not available.

⁶ MPSV ČR monitors higher-level collective agreements, however, it does not monitor the coverage of HLCAs. It is not possible to calculate the coverage by HLCAs based on the data of MPSV.

⁷ Data are available for ČMKOS members only.

⁸ Ministry of Labour and Social Affairs, available at: <http://www.mpsv.cz/cs/3856>

⁹ See KYZLINKOVÁ, Renata. Czech Republic: Public's trust in trade unions increasing. Eurofound, 28. 5. 2015. Available at <http://www.eurofound.europa.eu/observatories/eurwork/articles/industrial-relations/czech-republic-publics-trust-in-trade-unions-increasing>



ship, ranging up to over 25 percent of the total¹⁰, who stay with the union largely for social activities.

- **Employers' organizations density**

In 2013, the employer's organizations density was about 25 per cent and remains stable as no major employers have been newly registered, but only joined larger confederations. A debate on mandatory membership is taking place, but has not been formally applied.

- **Workplace representation**

Employee representatives – that is, trade unions, Works Councils, and safety at work and health protection stewards – are statutorily required to keep employees in all workplaces duly informed about their activities, and about the content and conclusions of all information and negotiations with the employers. Employee representatives must not be disadvantaged, advantaged or discriminated against because of their membership in a Works Council.

Trade unions play by far the most significant role in employee representation by virtue of regulation in terms of competency, but also in

practice from the perspective of occurrence, function in social dialogue and particularly collective bargaining. Only trade unions can represent employees in labour relations, in collective bargaining by concluding collective agreements and in tripartite negotiations. Regulation of the role and prerogatives of trade unions is codified by law.

In 2008 judgments in the constitutional court reinforced the position of the Works Councils at the expense of the trade unions. The court ruled against the provision that the Works Council had to be dissolved if a trade union was subsequently established. Employees may be represented by a Works Council, which, however, does not have legal status and only acts as a mediator between the employers and their employees in order to ease the flow of information and consultation within a company. However, Works Councils are still rare in the Czech Republic. Another institution deriving from European labour law, the European Works Council, has become more common since 2006. It has become one of the main channels for handling situations where local managements were trying to impose tougher conditions than were normal in Western Europe (for example Deutsche Bahn AG or SAP SE).

¹⁰ See MYANT, Martin: Trade unions in the Czech Republic. Brussels, ETUI, 2010, p. 32. Available at <http://library.fes.de/pdf-files/gurn/00392.pdf>



• **Trade union mapping**

	in National Language		in English
Name of TU Federation/ Confederation/Trade Union	Českomoravská konfederace odborových svazů		Czech-Moravian Confederation of Trade Unions
Founding Year	1990		
Sector/Branch	All sectors in the national economy.		
Cycle of Congresses/ Last Congress	4 years/25.–26 April 2014		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Josef Středula	Chairman	www.cmkos.cz
Number of Members (please comment on the official number applying a sensitive approach)	33 trade unions are affiliates with approximately 286,768 members (according to ČMKOS which does not keep exact records on the number of members due to their poor reporting, but companies where some member organisations of ČMKOS are active reach 1,291,339 as of 2016).		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Member fees, revenue from leased assets, services for members, projects supported by European Structural Funds.		
Cooperation in national committees	Member of the Czech tripartite body Council of Economic and Social Agreement of the Czech Republic (RHSD)		
Memberships	Regional Umbrella Associations		Global Umbrella Associations
	European Trade Union Confederation (ETUC)		International Trade Union Confederation (ITUC) Trade Union Advisory Committee to the OECD (TUAC)

	in National Language		in English
Name of TU Federation/ Confederation/Trade Union	Asociace samostatných odborů		Association of Independent Trade Unions
Founding Year	1995		
Sector/Branch	All sectors, but agriculture and transport prevail.		
Cycle of Congresses/ Last Congress	1 in 4 years min./21 October 2013		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Bohumil Dufek	Chairman	www.asocr.cz



Number of Members (please comment on the official number applying a sensitive approach)	14 trade unions affiliated in 2016, roughly 200,000 members in 2016 (Source: ASO ČR).	
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Membership fees.	
Cooperation in national committees	Member of the Czech tripartite body Council of Economic and Social Agreement of the Czech Republic (RHSD)	
Memberships	Regional Umbrella Associations	Global Umbrella Associations
	Not member of any regional umbrella association	

• **Employer Association Mapping**

	in National Language	in English	
Name of the association	Svaz průmyslu a dopravy České republiky (SP ČR)	Confederation of Industry of the Czech Republic	
Founding Year	1990		
Sector/Branch	Industry and transport in general		
Cycle of Congresses/ Last Congress	Twice a year min./7 October 2016		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Jaroslav Hanák	President	http://www.spcr.cz/odvetvove-svazy/svaz-prumyslu-a-dopravy-cr
Number of Members	11.000 companies employing approximately 1.3 million employees in 2016 (Source: SPČR)		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Member fees, services (technical consultancy, education etc.) for members and non-members, PR activities (fair presentation, etc.).		
Cooperation in national committees	Regional Umbrella Associations	Global Umbrella Associations	
Memberships	BUSINESSEUROPE		The Business and Industry Advisory Committee to the OECD
			International Organisation of Employers

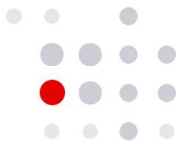


	in National Language		in English
Name of the association	Konfederace zaměstnavatelských a podnikatelských svazů České republiky (KZPS ČR)		Confederation of Employer and Entrepreneur Associations of the Czech Republic
Founding Year	1990		
Sector/Branch	All sectors; public sector, construction and cooperatives prevail		
Cycle of Congresses/ Last Congress	Once a month/n. a.		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Jan Wiesner	President	
Number of Members	8 employer and entrepreneur associations with 22,000 entities and 1,3 million employees in 2016. (Source: KZPS ČR website)		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Member fees, services (consultancy, education etc.) for members and non-members, PR activities (fair presentation, etc.).		
Cooperation in national committees	Member of the Czech tripartite body Council of Economic and Social Agreement of the Czech Republic (RHSD)		
Memberships	Regional Umbrella Associations		Global Umbrella Associations
	BusinessEurope		Not member of any global association



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