

2017

## CZECH REPUBLIC

By Jan Bittner

**S**ocio-economic developments

**I**ndustrial relations

**F**orecasts

# Annual Review

of Labour Relations and Social Dialogue

**S**tate policies

**T**ripartite social dialogue



# Annual Review 2017

## of Labour Relations and Social Dialogue

Czech Republic / By Jan Bittner

- Economic growth of the Czech economy has quickened. Already the lowest unemployment rate in the EU continued to decrease and reached 2.8 per cent in Q3/2017 while the employment rate exceeded historical highs at 74.1 per cent. The main reasons are based on the demand side – growth of household consumption and domestic investments.
- The former government of Bohuslav Sobotka has taken advantage of good economic and budgetary conditions in the last year of its mandate and significantly increased salaries in the public sector. The biggest pay raises have been introduced into social services and regional education.
- The government followed up on previous years and as of January 2018 lifted the minimum wage by 10.9 per cent to 12,200 CZK (about €476), constituting the fourth consecutive increase.
- Despite a few strike emergencies mainly in the public sector, both sides of social dialogue appreciated the government for enhancing the role of tripartite negotiations as well as broad consultation on important and strategic economic issues.
- Regardless of persisting good economic conditions in general, the economy has had several structural problems that need to be tackled in the long term. In spite of broad wage growth, the real convergence of the Czech Republic when compared with Western European standards is insufficient in the medium term. The growth potential is above that reduced by an inadequate outflow of capital in the form of dividends from FDI. The main challenge of future economic policy then should be on improving the position of the Czech economy in international value chains.



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# Socio-economic developments

## Key macroeconomic indicators

Indicator	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>GDP (% , y/y, real terms)</b>	5.6	2.7	-4.8	2.3	1.8	-0.8	-0.5	2.7	5.3	2.6
<b>Household consumption (% , y/y, real terms)</b>	4.2	2.9	-0.6	1.1	0.3	-1.3	0.5	1.8	3.8	3.6
<b>Construction output (% , y/y, real terms)</b>	7.1	0	-0.9	-7.4	-3.6	-7.6	-6.7	4.3	7.1	-5.9
<b>Industry - sales (% , y/y, current prices)</b>	14.1	-0.3	-15.9	9.5	7.6	1.7	1.5	8.9	2.6	1.4
<b>Exports of goods and services (% , y/y, real terms)</b>	11.1	4.2	-9.8	14.8	9.1	4.2	0.3	8.6	6.1	4.5
<b>CPI (% , y/y, average)</b>	2.8	6.3	1.0	1.5	1.9	3.3	1.4	0.4	0.3	0.7
<b>Aggregate labour productivity (% , y/y)</b>	5.6	2.7	-4.8	2.3	1.8	-0.8	-0.5	2.7	5.3	2.6
<b>Average gross nominal wages (% , y/y)</b>	7.2	7.8	3.3	2.2	2.5	2.5	-0.1	2.9	3.2	3.7

Source: Czech Statistical Office (ČSÚ), Eurostat

After a slight slowdown in 2016, a strong revival of economic growth was experienced once again in 2017, driven mainly by domestic demand. Increased household consumption was based on rising wages, a historically low unemployment rate and generally high employment. Other engines of GDP growth, exceeding 4.1 per cent (November 2017 estimate),<sup>1</sup> were private investment activity and renewed government sector investments, followed by government consumption and foreign trade. Over the course of the year, consumer confidence in economic growth has remained at a very high level. On the side of companies, trust in the economy has steadily grown especially in industry. A substantial part of total GDP, however, outflowed in the form of dividends from FDI – namely 250 billion CZK (about €10 billion) in 2017 – and thus reduced growth potential.

Public finances gained from favourable economic conditions and after a state budget surplus of 61.77 billion CZK in 2016 ended with a mild deficit of 6.15 billion CZK. Absorption of EU funds did not keep the previous year's pace, however, a positive trend of the tax and social security contributions revenue growth continued and increased by 7.7 per cent. Growth on the expenditure side was mainly caused by an increase in the volume of compensation for employees related to wage and salaries promotion and a higher total employment rate. Therefore, there has been a steady decline in public debt relative to

GDP since 2013. A year-on-year fall from 33.8 per cent to 32.4 per cent of GDP (a decline by 1.4 percentage points) keeps the Czech finances among the healthiest in the EU.

The average inflation rate at the end of the year reached 2.5 per cent<sup>2</sup> and thus remained at the upper half of the tolerance band of the Czech National Bank's target. The inflation was influenced mainly by domestic effects such as wage growth and a rather relaxed monetary policy. The most inflationary segments were food and non-alcoholic beverages, which contributed to overall inflation with more than 1 percentage point or housing prices with a contribution of over half a percentage point. Wages in the private and public sector grew at a high pace throughout the year. Real year-on-year growth in average monthly wages reached 4.2 per cent in Q3/2017. The nominal average wage in the same period rose to 29,050 CZK (about €1,113). The increase in the minimum wage and labour shortages were reflected in more dynamic growth among low-income sectors. In the gender perspective, there persists a high gender pay gap: while the median wage for women was 22,584 CZK (about €865), it reached 27,486 CZK (about €1053) for men. The total wage level additionally increased at the end of the year due to a November wage rise of 10 per cent for most public sector employees and 15 per cent for teachers in regional education. Nominal wages should thus have increased by 5.9 per cent in 2017<sup>3</sup>.

<sup>1</sup> See Ministry of Finance of the Czech Republic: Survey of Macroeconomic Forecasts – November 2017. Prague: Ministry of Finance of the Czech Republic. Available at: [http://www.mfcr.cz/assets/cs/media/Makro-ekonomicka-predikce\\_2017-Q4\\_Makroekonomicka-predikce-listopad-2017.pdf](http://www.mfcr.cz/assets/cs/media/Makro-ekonomicka-predikce_2017-Q4_Makroekonomicka-predikce-listopad-2017.pdf)

<sup>2</sup> See Czech National Bank: Inflation Report / IV. Prague: Czech National Bank. Available at: [https://www.cnb.cz/miranda2/export/sites/www.cnb.cz/cs/menova\\_politika/zpravy\\_o\\_inflaci/2017/2017\\_IV/download/zoj\\_IV\\_2017.pdf](https://www.cnb.cz/miranda2/export/sites/www.cnb.cz/cs/menova_politika/zpravy_o_inflaci/2017/2017_IV/download/zoj_IV_2017.pdf)

<sup>3</sup> See MPSV: Analysis of income and expenditure of households in the Czech Republic in the first half of 2017 and forecast for the next period. Prague: The Ministry of Labour and Social Affairs. Available at: [https://www.mpsv.cz/files/clanky/31973/Analyza\\_1\\_pololeti\\_2017\\_text.docx](https://www.mpsv.cz/files/clanky/31973/Analyza_1_pololeti_2017_text.docx)

Compared to the previous year, the unemployment rate (already the lowest in Europe) kept falling. In Q3/2017 it decreased by 1.2 percentage points to 2.8 per cent according to ILO methodology. The result of those conditions has been a steady decline in long-term unemployment as well. At the end of November 2017, the Czech Labour Office registered a total of only 265,469 job seekers for 213,790 vacancies. These circumstances allowed only for limited extensive economic growth (e.g. through an influx of foreign labour) and, on the contrary, put pressure on investment in productivity and wage

growth. The employment rate continued to grow in 2017 and exceeded historical values as it reached 74.1 per cent in Q3/2017, 1.9 percentage points more than in Q3/2016. The share of households below the poverty line (which for a household of one amounted to 10 691 CZK or about €428) was stable, around 9.7 per cent, in 2016. The rate of material deprivation decreased by 0.8 percentage points in 2016 in comparison with 2015 and stood at 4.8 per cent. Income inequality measured by the Gini coefficient was 25.1 and recorded the Czech Republic among the more egalitarian countries.

## State policies

The government of Bohuslav Sobotka finished its four-year mandate at the end of the year. November elections resulted in a great victory of the movement ANO, until then the second biggest coalition member. Apart from ANO there are eight other parties in the Chamber of Deputies which is an unusually high number that makes post-election negotiations uneasy.

The last year of the former government was marked by pay raises in the public sector that contributed to solving critical personal situations in various segments from education to social and health services. In economic terms, the cabinet focused on the demand side of the economy also by pro-family policies and valorisation of pensions. From an institutional point of view, it carried on fulfilling a practical strategy translated into an Action Plan for Growth and Employment, on the basis of which the government consulted economic and social measures with social partners as well as representatives of regions and municipalities. The basic economic policy framework followed an annual National Reform Programme that has been in line with previous years, focused on strengthening competitiveness along with sustaining economic growth.

The government took advantage of good budgetary conditions and raised salaries across sectors. From 1 January 2017, salaries of healthcare workers increased by 10 per cent, thereby the government carried out personnel stabilization of nurses and paramedical staff. In view of the unsustainable situation, it was also necessary to improve remuneration of social workers, on which the government proceeded with a 23 per cent rise of their salaries in July. As of July a pay rise has applied to security staff, professional soldiers, culture workers, non-teaching staff and some healthcare workers, or technical and auxiliary staff as well. Since November, wage rates have risen by 10 per cent to a majority of public sector employees and by 15 per cent to pedagogical staff in regional education. Yet teachers' salaries persist fundamentally low so that the quality of education remains at risk.

Concerning the family policy, the government once again raised tax deductions for the second and subsequent child

and as of January 2018 also the tax deduction for the first child. Since December 2017, a new benefit has been introduced that allows fathers to take a week-long paternity leave. The cabinet also successfully pushed changes (applicable as of January 2018) in the parental allowance thus allowing for more flexibility and in a childbirth benefit that can be attained by a larger number of families. An increase in the contribution to multiples in the child allowance for working parents is to be applicable as well.

The amendment to the Employment Act with effect from 29 July 2017 introduced main changes in the field of agency employment. Given the numerous cases of fraudulent creation of job agencies, the job agencies are newly obliged to deposit a bail in order to mediate work. Moreover, agency staff must no longer have lower wages and worse working conditions than regular employees.

The most significant change in the tax system – the introduction of online registration of sales (abbreviated EET) – entered the second and major phase since March 2017. The obligation has since applied to about 250,000 merchants who have thus joined hotels and restaurants, already registering their sales since December 2016. Nonetheless, at the end of the year the Constitutional Court partially upheld a complaint of 41 MPs who attacked the Act on Registration of Sales. The court did not repeal the act as such, but abolished the planned third and fourth phases concerning stall sales, farmer's markets, accountants, lawyers, doctors and eventually selected craftsmen. Based on the court's decision, the registration will not be mandatory to card payments at e-shops.

At the European level, a compromise has been found on the long-discussed directive on posted workers. The directive has reduced the time of application of agreed rules before applying the host country rules. The Czech Republic, together with other countries, has negotiated an exemption for road hauliers, for whom the new directive will not apply until a special "road package" is agreed.

# Industrial Relations

Throughout the year negotiation of 20 higher-level collective agreements took place. The agreements are gradually being shifted from an annual cycle to multiannual periods. Most of this year's agreements did not include a specific wage commitment that is rather a subject of company-level bargaining. Strikes were not often used, and if so, than almost solely on a company level. In general, strikes in the Czech environment are perceived rather as a last resort. The strikes organised in 2017 were mostly of a symbolic and alert nature, such as a two-hour alert strike by employees of Mitas a.s., a manufacturer of off-road tires, or a half hour strike of GPs and pharmacists. Only a strike of line bus drivers reached more than a regional scale.

Due to favourable economic conditions, employers were more inclined to collective bargaining. In several bargaining cases the employees' side declared a strike emergency. In three cases the government was involved. The strike emergency of the Transport Trade Union due to the low wages of public transport drivers has started in November 2016. The government has lifted minimum rates for drivers but because of decentralized financing through regions' budgets, the negotiations had to continue until mid-2017. School unions threatened to strike; nonetheless the government finally found the means to meet the terms set by the Czech-Moravian Trade Union of Education Workers in autumn. The third case was the announcement of a strike emergency by trade unions operating in public administration and services, whose requirements were in the end reflected in the agreement. At the end of the year, the Union of Banking and Insurance Industry Associations decided to declare a strike emergency across the banking, insurance and health insurance sectors where further negotiations will take place in 2018.

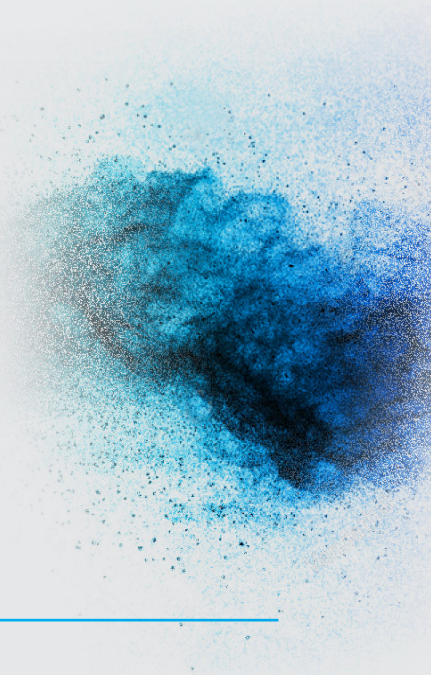
At the national level, there were two main discussions on the topic of industrial relations. The evergreen of social dialogue on a tripartite level has been an annual negotiation about the minimum wage. Even with the government led by a social-democratic party inclined to growth in the minimum wage, the negotiations' result was met between the requirements of social partners. Therefore, with effect from January 2017, the government raised the minimum wage to 11 000 CZK (about €430)<sup>1</sup>. The third successive raise in the wage minimum was accompanied by abolishing the minimum wage rate for employees with disability pensions. From January 2018 onwards, the government order lifted the minimum wage by another 10.9 per cent to 12 200 CZK (about €480)<sup>2</sup>.

The second topic also used in the election campaigns was a question of labour influx from the Ukraine and other non-European countries as a solution to labour shortages. While the employers insisted on the need for external labour in order to expand, the unions warned about a danger of social and wage dumping. This discussion will take place even in 2018 until the situation on the labour market would worsen.

Due to the change of the government at the end of the year, the two main social partners have set out their demands for the representatives of the new government. Both the Czech-Moravian Confederation of Trade Unions (ČMKOS) and the Confederation of Industry and Transport in the Czech Republic (SPD ČR) have recommended that more attention be paid to infrastructure (both transport and digital) and economic competitiveness. While employers have further highlighted innovation, reduction of regulation and support for nuclear power, by contrast, the unions insisted on the development of stronger social dialogue and stability of a welfare state. They also reminded of the continuing pressure on wage growth, not only through the continuous campaign of End of Cheap Labour ("Konec levné práce")

<sup>1</sup> For the conversion into € the average exchange rate of January 2018 was used: 25.45 = 1€.

<sup>2</sup> See note above.



# Tripartite social dialogue

Tripartite Social Dialogue in the Czech Republic continued to play an important role in economic policy. Except for a short period during the caretaker government of Prime Minister Jan Fischer (from May 2009 to July 2010), communication with social partners was problematic from 2006 to 2013. Since the government of Prime Minister Bohuslav Sobotka took power, the relationship with social partners, especially trade unions and the government, has been prioritized and thus improved significantly. The importance of consultation with the social partners for the former government can be shown by the move of the tripartite secretariat to the Office of the Government of the Czech Republic since January 2016. The government has also allocated budget funds to support specific social dialogue projects on a yearly basis.

Representatives of the government, employers and employees have met 35 times at meetings of the Economic and Social Agreement Council during the four-year term of Sobotka's cabinet. The tripartite discussed the two already Tripartite Social Dialogue in the Czech Republic continued to play an important role in economic policy. Except for a short period during the caretaker government of Prime Minister Jan Fischer (from May 2009 to July 2010), communication with social partners was problematic from 2006 to 2013. Since the government of Prime Minister Bohuslav Sobotka took power, the relationship with social partners, especially trade unions and the government, has been prioritized and thus improved significantly. The importance of consultation with the social partners for the former government can be shown by the move of the

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Social dialogue also gained an international dimension between 2014 and 2017. There were two joint meetings of the Czech and Slovak tripartite groups, of which the second took place in Prague in the spring of 2017. Thanks to the Czech initiative a platform for a joint meeting of the tripartite groups of the Visegrad Group countries was established and met twice.

At the end of the government term, the President of ČMKOS, Josef Středula, said that the Czech tripartite has become a model for other countries to follow. Social dialogue has been praised also by the employers' side, the President of SPD ČR, Jaroslav Hanák, acknowledged that during the four years of the cabinet the tripartite reached the highest level of activity since its formation in 1993.

## Forecasts

According to the Ministry of Finance's macroeconomic forecast positive economic development should continue also in 2018. Estimated growth of 3.3 per cent should be driven by household consumption reflecting wage dynamics and low unemployment rates. Similarly, investment activity should grow due to a decline in the relative price of capital and the inflow of European structural and investment funds. According to some experts, dynamic strengthening of Czech currency will play an important role in economic development in 2018.

On the level of collective bargaining and labour conditions negotiations, there are two big issues ahead. Firstly, trade unions together with government will have to face dynamic developments in industry, especially in the automotive sector. Already in 2017 there was some speculation on moving part of Škoda's production out of the Czech Republic, as well as possible future development of

electro mobility. The second issue to be solved is rapid development of the so-called platform economy (e.g. taxi drivers already demonstrated against inactive Prague representatives and government in the case of Uber). In general, the future of social dialogue and the social partners' "well-being" will evolve from the attitude of the new government. The same applies to future policy in both domestic terms and at the European level.



## Annex - Information About:

### • 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 a 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 its role considerably increased during last election period. For some areas of government decision-making it serves as a main platform for searching for consensus, such as the minimum wage or special immigration procedures. However, all the important legislative or strategic documents are discussed at the tripartite level. 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 that are broadly discussed on a tripartite level and social partners are given large say in the government's 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

### ◦ Health

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

### ◦ Pension

The Czech pension system stands on two pillars. The first pillar is a mandatory basic pension insurance funded on a pay-as-you-go basis. More than 99 per cent of people of retirement age are covered by this defined benefits

(DB) pillar. The second pillar is voluntary, complementary additional pension insurance with state contributions, defined by contributions (DC).

## • Unemployment

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; and
- c) 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 a 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.

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

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Employment rate (%)</b>	66.1	66.6	65.4	65.0	65.7	66.5	67.7	69.0	70.2	72.0
<b>Employment rate - males (%)</b>	74.8	75.4	73.8	73.5	74.0	74.6	75.7	77.0	77.9	79.3
<b>Employment rate - females (%)</b>	57.3	57.6	56.7	56.3	57.2	58.2	59.6	60.7	62.4	64.4

Source: Eurostat

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

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Unemployment rate (%)</b>	5.3	4.4	6.7	7.3	6.7	7.0	7.0	6.1	5.0	4.0

Source: Czech Statistical Office (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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Unemployment rate (%)</b>	10.7	9.9	16.6	18.3	18.1	19.5	18.9	15.9	12.6	10.5

Source: Czech Statistical Office (ČSÚ)

- Specific unemployment rates (Q2/2017)

Age group	Rate of unemployment - total (%)	Rate of unemployment - males (%)	Rate of unemployment - females (%)
<b>15-19</b>	29.1	17.7	44.6
<b>20-24</b>	6.5	6.1	7.1
<b>25-29</b>	3.6	3.0	4.4
<b>30-34</b>	2.8	2.0	4.1
<b>35-39</b>	3.1	1.9	4.6
<b>40-44</b>	2.2	1.4	3.1
<b>45-49</b>	2.3	2.0	2.7
<b>50-54</b>	2.7	2.6	2.7
<b>55-59</b>	3.0	2.7	3.3
<b>60-64</b>	1.6	1.5	1.9
<b>65+</b>	0.8	-	-

Source: Czech Statistical Office (ČSÚ)

- Average monthly salaries

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Average nominal gross monthly wage (%)</b>	811.0	874.3	903.4	923.5	946.4	970.1	968.8	997.2	1 029.1	1 067.1

Source: Czech Statistical Office (ČSÚ), for calculation to euros was used an exchange rate from December 2017.

- Gender pay gap in unadjusted form (%)

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>GPG (%)</b>	23.6	26.2	25.9	21.6	22.6	22.5	22.3	22.5	22.5

Source: Eurostat

Based on the latest data from 2015, the Czech Republic is a country with the second highest Gender Pay Gap (GPG) in the EU, i.e. 22.5% compared to the EU average of 16%. More than average wage earn 50% of men, but only 30% of women. Female work is undervalued and women work more often in less well-paid jobs.

As a significant determinant of high GPG, there is often mentioned an inability to reconcile work and family. The study "Actual differences in remuneration of men and women in the Czech Republic"<sup>7</sup> showed that, if there is a collective agreement in the workplace, the average GPG is 21%, while without it 24%, i.e. 3 pp. higher.

- Monthly minimum wage (€)

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*
<b>MW (€)</b>	300	298	302	319	310	318	310	332	366	407	476

Source: Eurostat, own calculations; \*year 2018 based on the exchange rate from the December 2017.

- Actual weekly working hours

In 2015, there were 40.4 usual weekly hours worked on the main job on average.<sup>8</sup> The vast majority (92.7 per cent<sup>9</sup>) of collective agreements deal with the issue of working hours. Average collectively agreed working hours have amounted to 37.5 hours a week in 2017<sup>10</sup> (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, which was fully exploited in 21.1 per cent of company level agreements.

- Normal work/atypical work (2016; thousands of employees)

Type of job holders	Working full-time	Working part-time
<b>Permanent job holders</b>	4,542,912	180,251
<b>Temporary job holders</b>	325,453	89,985
<b>Total</b>	4,846,246	292,354

Source: Czech Statistical Office (ČSÚ). Total data are from 2016, more detailed data are extrapolated from a 2014 distribution.

<sup>7</sup> The study "Aktuální rozdíly v odměňování žen a mužů v ČR" is available in Czech at: <http://www.rovnaodmena.cz/>

<sup>8</sup> Source: Czech Statistical Office

<sup>9</sup> Working Conditions Information System (Informační systém o pracovních podmínkách, ISPP), available at <http://www.kolektivnismlouvy.cz/vysledky2017.html>

<sup>10</sup> Ibid.



## • Migration

Year	2009	2010	2011	2012	2013	2014	2015	2016
<b>Immigrants</b>	39 973	30 515	22 590	30 298	29 579	41 625	34 922	37 503
<b>Emigrants</b>	11 629	14 867	5 701	20 005	30 876	19 964	18 945	17 439
<b>Net migration</b>	28 344	15 648	16 889	10 293	- 1 297	21 661	15 977	20 064

Source: Czech Statistical Office (ČSÚ)

## • Human Development Index

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>HDI</b>	0.856	0.858	0.859	0.861	0.864	0.865	0.871	0.875	0.878
<b>International ranking</b>	28	28	28	28	27	28	28	28	28

Source: United Nations Development Programme

## • Gini-coefficient

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Gini</b>	25	25	25	25	25	25	25	25	25	25

Source: Eurostat

## • Collective agreement coverage

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.<sup>11</sup> There were 15 higher-level collective agreements concluded in 2017, which is less than in 2016 (18 HLCAs). According to ČMKOS data,<sup>12</sup> company-level collective agreements were negotiated in 1,318 private companies and 419 institutions operating in the public sector.

One reason for the domination of company level collective agreements can be traced to 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 2017, six collective agreements on the sectoral level are valid, covering workers in (i) agriculture, (ii) transport, (iii) the textile and leather industry, (iv) construction (v) glass and ceramics industry and (vi) paper industry.<sup>13</sup>

Year	2008	2009	2010	2011	2012	2013	2014	2015
<b>Collective bargaining coverage (%)</b>	49.6	44.3	51.1	49.2	49.7	48.9	45.4	46.3

Source: OECD, Collective bargaining coverage represents percentage of employees with the right to bargain.

<sup>11</sup> 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.

<sup>12</sup> Data are available for ČMKOS members only.

<sup>13</sup> Ministry of Labour and Social Affairs, available at: <http://www.mpsv.cz/cs/3856>.

## • Ongoing 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 increasing,<sup>14</sup> the number of union members has slightly decreased. Trade union

density is estimated to be 11.6 percent in 2015 according to the OECD. It should be noted that this rate includes inactive members such as pensioners. ČMKOS unions frequently retain a significant pensioner membership, ranging up to over 25 per cent of the total<sup>15</sup> who stay with the union largely for social activities.

## • Employer's organizations density

In 2013, the employer's organizations density was about 25 per cent and remained stable as no major employers have been newly registered but rather only joined larger confederations. According to the OECD, these members

employed 64 per cent of employees in the private sector in 2017, placing the Czech Republic slightly above the OECD average.

## • 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).

<sup>14</sup> 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-republicpublics-trust-in-trade-unions-increasing>.

<sup>15</sup> 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 Czech	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	29 trade unions are affiliates with approximately 300,000 members (Source: ČTK).		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Member of the Czech tripartite body Council of Economic and Social Agreement of the Czech Republic (RHSD)		
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 Czech	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	All sectors, but agriculture and transport prevail.		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Bohumil Dufek	Chairman	www.asocr.cz
Number of Members	13 trade unions affiliated in 2017 with 85,000 members in 2016 (Source: ČTK).		
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	Not member of any global association	



- Employer's Organisation mapping

	in Czech	In English	
Name of TU Federation/ Confederation/Trade Union	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 minimum/9 October 2017		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Jaroslav Hanák	President	www.spcr.cz
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.).		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	BusinessEurope	The Business and Industry Advisory Committee to the OECD	
		International Organisation of Employers	

	in Czech	In English	
<b>Name of TU Federation/ Confederation/Trade Union</b>	Konfederace zaměstnavatelských a podnikatelských svazů České republiky (KZPS ČR)	Confederation of Employer and Entrepreneur Associations of the Czech Republic	
<b>Founding Year</b>	1990		
<b>Sector/Branch</b>	All sectors; public sector, construction and cooperatives prevail		
<b>Cycle of Congresses/ Last Congress</b>	Once a month/n. a.		
<b>Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)</b>	<b>Name</b>	<b>Function</b>	<b>Homepage</b>
	Jan Wiesner	President	www.kzps.cz
<b>Number of Members</b>	8 employer and entrepreneur associations with 22,000 entities and 1.3 million employees. (Source: KZPS ČR)		
<b>Finance (major sources of finance, please comment on the official figures applying a sensitive approach)</b>	Member fees, services (consultancy, education, etc.) for members and non-members, PR activities (fair presentation, etc.).		
<b>Cooperation in national committees</b>	Member of the Czech tripartite body Council of Economic and Social Agreement of the Czech Republic (RHSD)		
<b>Memberships</b>	<b>Regional Umbrella Associations</b>	<b>Global Umbrella Associations</b>	
	BusinessEurope	Not member of any global association	

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# Annual Review 2017

## of Labour Relations and Social Dialogue

Czech Republic / By Jan Bittner

### **About the Author**

Jan Bittner is an economic analyst in the EU Strategies and Trends Department at the European Section of the Czech Government Office. He graduated from the Faculty of Economics and Administration, Masaryk University.

### **Imprint**

Friedrich-Ebert-Stiftung | Regional Project on Labour Relations and Social Dialogue  
Maróthyho 6 | 81106 Bratislava | Slovakia  
[www.fes-socialdialogue.org](http://www.fes-socialdialogue.org)

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