

## Methodology

The Czech Statistical Office is hereby publishing an overview of retrospective data from the area of labour market statistics.

The data originate from surveys taken in businesses or from administrative sources. Depending on the number of employees, the survey taken in businesses is either of an exhaustive or sample type. In case of the latter, grossing up to universe covers all active units included in the Business Register.

This data set shows trends in the most significant indicators broken down by economic activity and territory (region). Industrial Classification of Economic Activities, NACE, corresponds to the **NACE rev. 1.1.**, resp. a new Classification of Economic Activities, CZ-NACE corresponds to the **NACE Rev. 2**. Classification of Territorial Statistical Units, CZ-NUTS, complies with Regulation of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS).

**The registered number of employees** includes persons under employment contracts and members of cooperatives having employment contracts, too; it excludes females on maternity leave, persons on parental leave, apprentices, persons engaged by companies under contracts for work outside employment, persons in public office (deputies, senators, full-time councillors at all levels), judges, etc. The numbers of workers and employees include, in compliance with the methodology in force, foreigners legally working in the Czech Republic.

**The average registered number of employees (headcount)** is calculated as arithmetical mean of the monthly average numbers (calculated as the sum of daily values divided by the number of calendar days in a month).

**The average registered number of employees (full-time equivalent)** is the average registered number of employees (headcount) by their hours of workload in relation to working hours as determined by the employer (full-time hours).

**The average gross monthly wage** is the ratio of wages, excluding other personnel expenses, per employee per month. Included in the wages are basic wages and salaries, payments additional to wage or salary, direct remuneration and bonuses, remuneration for being on call to work, and other wage or salary components charged to be paid to employees in a given period. This applies to gross wages, i.e. before reduction by comprehensive health insurance and social insurance premiums, advance income tax of actual persons, and other statutory deductions or deductions agreed with the employee.

**Job vacancy rate** is determined as a share of job vacancies in the total number of filled jobs and job vacancies. The methodology recommended by Eurostat does not include jobs open in companies or private entrepreneurs (until then without employees) into the total number of job vacancies. The number of job vacancies is taken over from statistics of the Ministry of Labour and Social Affairs, the number of filled jobs in the CR is defined as the total of employees and members of producers' co-operatives with only first and second jobs (data source: Labour Force Sample Survey).

Starting from 1998, data in Tables 1, 2, 3 and 8, 9, 10 are taken from the results of CZSO annual statistical reports. Data for earlier years of the 1990's are drawn on from the results of quarterly statistical reports adjusted by annual surveys data (plus, for some years, by expert estimates for businesses not included in the sample).

The data on the number of employees and their average gross monthly wages in Tables 4 to 7 and 11 to 14 are gathered from quarterly reports (excl. businesses under threshold - see the description below) and cover all employees registered by businesses classified to:

- a) the business sphere
  - with 25+ employees from 1990 (with 100+ employees in industry, trade, hotels and restaurants in 1995 and 1996),
  - with 20+ employees since 1997, incl. employees of unincorporated entrepreneurs,
  - irrespective of the number of employees in financial intermediation;
- b) the non-business sphere, i.e. employees of government departments, of organisations fully or partially funded from state budget or local budgets, and of non-profit institutions (e.g. public beneficial institutions, health insurance companies, etc.);

c) in addition, Tables 7 and 14 covers the estimate of the number of employees and their average gross monthly wages for subjects under threshold.

Data in Tables **7a, 7b, 14a, 14b** are gathered from quarterly reports and in addition, results also cover estimates for non-surveyed part of the population (grossing up) based on the administrative data.

The transition to the new International Classification NACE Rev. 2 (CZ-NACE in the CR) represented in some branches such significant changes, that it was impossible to use the previously published data only with renumerated activities. The CZSO developed a method of retroactive conversion of time series at the micro level taking into account the newly discovered misclassification of some businesses in recent years. Available administrative sources were used to gross up the whole time series. Due to time and methodological demands conversion process had not been finally completed, the data in **newly included tables 1a, 2a, 3a, 8a, 9a, 10a** from the annual survey classified **by CZ-NACE** are therefore presented as preliminary and may be subsequently revised. Data in mentioned tables according to CZ-NACE (NACE Rev. 2) are not comparable with previously published data according to NACE (NACE Rev.1.1).

**The data in Tables 15 to 18** result from **structural statistics on wages** of employees. The data on wages have been calculated by different methodology and this is why these results cannot be compared to those from a regular statistical survey on wages. The data cover the sample of employees with 1 700 paid hours or more in 1996-2000 and 1 592 hours or more in 2001, which roughly corresponds to full-time employees who worked with the reporting unit for a large part of the year and were not on the sick list for a long time. (The different number of paid hours results from an amendment to the Code of Labour concerning the counting of lunch break into hours worked; therefore, the comparability of the time series is not disturbed for this reason.) Until 2001, no grossing up to universe was made. Since 2002, the wages have been calculated in relation to the employee's paid hours and grossed up to the national economy. For that reason, the time series of the data in Tables 15 and 17 was terminated by the year 2001 and the new one (Table 16 and 18) starting from 2002 was begun.

Median, i.e. the wage of employee in the middle of the group, is used for comparison instead of average wage. More detailed information from the sample surveys on wages of employees, incl. the methodology and sample size, can be found in the CZSO publications "Structure of Earnings Survey for [the given year]". The classification of occupations was governed by CZ-ISCO-88.

The data for 2008 have been recalculated according to an updated weighting scheme based on the new classification of economic activities CZ-NACE.

**The data in Tables 19, 20 and 20a** cover the employer's **costs** of recruiting and training employees, paying wages, and providing social needs of employees. The survey is carried out in businesses of all industries irrespective of the number of employees – employees of unincorporated entrepreneurs (natural persons) are not included. Data on the structure of labor costs in mentioned tables are newly given in absolute terms (in CZK) instead of the previously stated relative terms (in %).

**The data in Tables 21 and 22, resp. 23 and 23a** are based on sources of the Ministry of Labour and Social Affairs of the Czech Republic. In July 2004, the Ministry made a methodological amendment to the calculation of **registered unemployment rate**. The amendment consisted in including some groups of persons in both the numerator and the denominator differently than before. Unlike the original methodology, which used in the numerator the number of all job applicants registered by the labour offices, the numerator of the amended methodology includes the number of available job applicants (including citizens of the EU and the EEA). The available job applicants are registered unemployed persons with no objective obstacle to take up a job and are ready to immediately report to work when offered an appropriate job. The denominator in the new methodology including labour force (in the original methodology: the number of the employed from LFSS + the number of all job applicants) is expanded by the number of employed citizens of the EU (EEA) + the number of employed foreigners from third countries, who have valid work permit or trade licence; the number of all job applicants is replaced with the number of available job applicants. For the reasons of comparison, data in the Table 21 are provided according to both concepts for all months of year 2004.

Calculated data are counted from unrounded numbers and only then rounded, that's why in some cases the totals differ.

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