

## 9. LABOUR MARKET

The source of information on the labour market surveyed in the households of respondents is the **Labour Force Sample Survey (LFSS)**. The methodology of indicators measured by the LFSS is in line with the definitions and recommendations of the International Labour Organisation (ILO). Thus the data may serve as a basis for direct international comparability of labour market characteristics in various countries. At the same time, the implementing methodology of Eurostat, which explains the contents of particular market characteristics, is adhered to.

The sample includes about 25 thousand dwellings on the territory of the entire Czech Republic (over 0.6% of all permanently occupied dwellings). The LFSS is conducted among respondents living in randomly sampled dwellings. All persons usually living in the sampled dwellings, irrespective of the type of their residence, are included in the LFSS. The panel of chosen dwellings varies during the survey. Each quarter 20% of newly chosen dwellings are incorporated into the panel and after five quarters being on the panel they are dismissed from.

**The decisive criterion for surveyed characteristics of every respondent is the respondent's actual activity on the labour market in the reference week.** If a respondent stated that he/she had worked at least one hour in the reference week, he/she is strictly classified, according to the ILO methodology, as a person in employment.

All tables give average annual data for respective years.

Data are collected by sample methods and therefore **their accuracy is becoming lower as the sample size decreases**. The annual averages lower than 3 000 persons are considered as low reliability data and annual data for a number less than 500 persons are not published at all as their relative standard deviation is higher than 50% (represented by dots in tables). For all data obtained from the sample survey the 95% confidence interval can be constructed, i.e. the interval, in which the real value of the estimated indicator lies with the 95% probability. The interval size is affected by both frequency of the characteristic surveyed in respective region and the sample size in the region.

Data on the number of **employees and average gross monthly wages** are drawn from results of the processing of annual statistical questionnaires. Territorial breakdown of the data by region is obtained directly from the reporting units, including enterprises with up to 20 employees. It is carried out depending on the location of actual workplaces of employees, by the so-called **workplace method** (Tables 9-8 and 9-9). However, a more detailed territorial breakdown, for example, by districts, is impossible.

Data breakdown by industry for the years 2006–2009 have been **newly processed according to the CZ-NACE classification** (effective since 1 January 2008) and therefore data on employees and wages are for the time being marked as preliminary.

**Since 2009 changes to methodology** of surveys and presentation of results of the labour and wage statistics have occurred. Data published **by registered office of the reporting business** (so-called enterprise method) are newly shown **including enterprises with less than 20 employees** emphasising average wages of employees **recalculated to the full time employee equivalent** taking into account the work hours.

Data are classified to industries by principal activity of the whole enterprise (according to the CZ-NACE classification, which is comparable with international classifications).

Data in Table 9-105 are drawn from the results of the processing of quarterly statistical questionnaires and the territorial breakdown is carried out by head office of the reporting business - the so-called enterprise method. It means that even though a business has subordinated organizational units (plants, branches, shops, etc.) located in other region, it is classified as a whole to the region, in which it has its registered office. Data are shown both according to the original methodology and the new methodology as well.

The data shown in Tables 9-106 and 9-107 are for the **business sphere** taken over from the **Information System on Average Earnings (ISAE)** of the Ministry of Labour and Social Affairs of the CR; the system contains data from a sample survey in businesses with 10+ employees. Data for the **non-business sphere** are taken over from the **Information System on Salaries (ISS)** of the Ministry of Finance of the CR. These sources provide information on individual employees. The average wage is calculated from the paid working hours of the employee (unpaid absence, illness, etc. are not included) and therefore is not identical with the average wage from the business surveys of the CZSO, which is calculated from the registered number of employees (headcount) (Tables 9-8 and 9-9 or Tables 9-103 to 9-105).

The **wage median** is the value of the employee's wage in the middle of the wage distribution. This means that one half of wage values is below the median, while the other half is above it.

The data on the number and structure of unemployed **job applicants** and on the vacancies are taken from the Information System of the Ministry of Labour and Social Affairs of the CR (according to the records of labour offices).

**Unemployed job applicants** are citizens permanently residing in respective areas, who have no formal job or similar attachment to any employer, are not gainfully self-employed, and have asked the labour office to find a job for them.

**Available unemployed job applicants** are registered job applicants (including the EU and EEA citizens), ready to take a job immediately, when an appropriate one is offered, because there is no objective obstacle for them to become employed.

The **partly unemployed** are registered job applicants with additional earnings (coming from an activity based on employment or service relationship, if performed in shorter hours than a half of the determined working hours, or under contracts for work carried out outside contracts of employment provided that their monthly earnings or remunerations per month do not exceed a half of the minimum wage).

The **registered unemployment rate according to the methodology valid until 30 June 2004** is the ratio (expressed as percentage) of the number of the unemployed job applicants in the numerator (as at the end of the reference period) and the available labour force (i.e. the employed measured by the LFSS and unemployed job applicants) in the denominator. The **registered unemployment rate according to the methodology valid since 1 July 2004** is the ratio of the number of available unemployed job applicants in the numerator and the sum of the number of the employed measured by the LFSS plus the number of working foreigners registered at the labour offices or foreigners with valid work permits or trade licences plus the number of available unemployed job applicants (moving annual average) in the denominator.

Data for **employed foreigners** are based on the records of:

the **Ministry of Labour and Social Affairs of the CR**, Employment Services Administration, which, from labour offices collects, data on:

- valid work permits of foreigners;
- the number of pieces of information on commencement of employment by the EU/EEA and Switzerland citizens (citizens of the EU/EEA, Switzerland and their family members have free access to the CR's labour market since the CR accession to the European Union, they do not need a work permit, they are only a part of the duty to inform, when the employer has the duty to inform in writing about they have commenced the work, at the latest on the day of these persons' commencement, the relevant local labour office);
- the number of pieces of information on commencement of work of foreigners with permanent residence from other countries (foreigners with permanent residence also do not need work permit, there is only the duty to inform bound for them); and

the **Ministry of Industry and Trade of the CR**:

- data on the number of foreigners with valid trade licences.

Conditions of employing foreigners are set in the Act No. 435/2004 Sb. on employment. Conditions for the self-employment of foreigners (foreigners can run a business in the Czech Republic the same way as the citizens of the CR if they fulfil conditions determined by law) is set in the Act No. 455/1991 Sb. on trades and crafts.