

10. LABOUR MARKET

A. Employment, unemployment, wages, and labour costs in the national economy

(from data taken from records of businesses and from administrative sources)

The data come from a survey at businesses and/or from administrative sources. Depending on the number of employees the survey is either a 100% survey or a sample survey. Results of the latter are grossed up to the universe to cover all active units kept in the CZSO Business Register (unless indicated otherwise).

The information on the number of employees and average monthly gross wages in Tables 10-1 to 10-3 has been taken from results obtained by the processing of the CZSO annual statistical questionnaires. Since 2008 the CZSO has introduced the new International Classification NACE Rev. 2 (CZ-NACE in the CR) in accordance with other EU countries. Changes in some activities (industries and branches) were significant and it was impossible to use the previously published data only with renumbered activities. The CZSO developed a method for the conversion of time series at the micro-data level backward in time, which also takes into account the newly discovered wrong classification of some businesses in 2005–2007. Available administrative sources were newly used to gross up the whole time series from 2005. Due to time and methodological demands, the conversion process had not been finally completed at the closing date of the Statistical Yearbook. Therefore, the data in mentioned Tables are presented as preliminary and may be subsequently revised. The data in mentioned Tables are not comparable with data published in the Yearbooks from previous years.

Employment measured by the survey at businesses or taken from administrative sources refers to the number of workers, i.e. registered employees of businesses, self-employed persons, and family workers (only those for which work in the company is their main job). Tables 10-1 to 10-6 give information on employees and their wages.

The registered number of employees includes persons under employment contracts, employment contracts for duty, and members of cooperatives having an employment contract with the employer.

The average registered number of employees per year (natural persons) is the arithmetic mean of twelve average monthly numbers of employees (calculated as a sum of daily numbers divided by calendar days of the month concerned). The average registered number of employees (**full-time equivalent**) is the average registered number of employees (headcount) by their hours of work in relation to full-time working hours as determined by the employer. On the contrary to the previous years, the data on employees and wages in Tables 10-1 to 10-3 are given for FTE.

Wages include basic wages and salaries, payments additional to wage or salary, bonuses, compensation for wages and salaries, bonuses for standby duty, and other wage or salary components charged to be paid to employees in a given period. They are gross wages, i.e. before premiums for health insurance and social security, income tax advances of natural persons, and other statutory deductions or deductions agreed with the employee.

The average monthly gross wage in Tables 10-1 to 10-3 and 10-6 is the proportion of wages, excluding other personnel expenses, per registered employee per month. The medians of monthly gross wages and the average monthly gross wages in Tables 10-4 and 10-5 were calculated by relating the employee's wage in a given year to the total number of months, in which the employee actually received their wages. This implies that the time of illnesses and other unpaid absences from work in the year is deducted.

The data on the number of employees, the average monthly gross wages and monthly labour costs exclude persons performing public office (as, for instance, deputies, senators, full-time councillors at all levels of public administration), judges, women on maternity leave, persons on parental leave (unless they have employment contracts at the same time), apprentices, persons working for companies under contracts of work carried out outside their employment contracts), and employees of businesses not statistically measured.

The data on employees, average gross monthly wages, and monthly labour costs broken down by industry refer to businesses of the business and non-business spheres, i.e. organisational units of the state, organisations semi-subsidised from state or local government budgets, and non-profit institutions and therefore they differ from data on employees and wages in chapters on individual

industries as this refers to the business sphere only. Data are classified according to the **Classification of Economic Activities (CZ-NACE)** valid since 1 January 2008, which fully corresponds with the International Classification NACE Rev. 2 at the given level.

The data in Table 10-3 are broken down according to the Nomenclature of Institutional Sectors and Sub-sectors. The public sector comprises public non-financial corporations, public financial institutions, and general government. The private sector comprises private non-financial corporations (national and foreign controlled), private financial institutions (national and foreign controlled), households (natural persons not recorded in the Commercial Register), and non-profit institutions serving households.

Monthly labour costs are costs incurred by the employer to recruit and educate/train employees, remunerate them for work, and cover their social needs. The costs are measured in businesses in all industries irrespective of their number of employees; employees of unincorporated natural persons are excluded. They were taken from results obtained by the processing of the CZSO annual statistical questionnaires.

Unemployed job applicants are citizens having permanent residence in a respective area, who have no formal employment contract or similar relation to any employer, are not gainfully self-employed, and have asked a labour office to facilitate a suitable job for them.

Available unemployed job applicants are registered job applicants (including citizens of the EU and EEA) who can immediately take a job, when a suitable job position is offered, because no objective obstacle prevents them from doing so.

Before July 2004 the **registered unemployment rate** was calculated as a ratio of unemployed job applicants to available labour force, i.e. employed persons, as found by the LFSS, plus unemployed job applicants (original methodology). Since July 2004 the Ministry of Labour and Social Affairs of the CR has been publishing the registered unemployment rate according to a new methodology. The rate is defined as a ratio of the number of available unemployed job applicants in the numerator and, in the denominator, the sum of the number of the employed measured by the LFSS plus the number of working foreigners registered by the labour offices or foreigners with work permit or trade licence plus the number of available unemployed job applicants. The time series discontinuation is graphically marked in Table 10-7.

The following indicators in this chapter do not fully correspond to ILO definitions and recommendations:

- average monthly gross wage;
- unemployed job applicants; and
- registered unemployment rate.

The minimum wage in the Czech Republic according to the Labour Code:

Effective since	Minimum monthly wage, CSK/CZK
1 January 1992	2 200
1 January 1996	2 500
1 January 1998	2 650
1 January 1999	3 250
1 July 1999	3 600
1 January 2000	4 000
1 July 2000	4 500
1 January 2001	5 000

Effective since	Minimum monthly wage, CZK
1 January 2002	5 700
1 January 2003	6 200
1 January 2004	6 700
1 January 2005	7 185
1 January 2006	7 570
1 July 2006	7 955
1 January 2007	8 000

Notes on Tables

Tables 10-4 and 10-5. Medians of monthly gross wages and average monthly gross wages by CZ-ISCO-88 major group and by age group

The data on the business sphere are taken from the Information System on Average Earnings (ISAE) of the Ministry of Labour and Social Affairs of the CR. This is obtained by a sample survey in businesses with 10+ employees. The data on the non-business sphere are taken from the Salary Information System (ISP) of the Ministry of Finance of the CR, which is an administrative source covering all employees in budgetary and some other organizations and bodies. The average wage from these sources is not identical with the average wage obtained by means of the CZSO business surveys (Tables 10-1 to 10-3, and 10-6). The ISAE and the ISP give information on individual employees, whereas the business surveys are focused on the registered numbers of employees and the volume of wages for whole businesses. The ISAE and ISP average wage is calculated in relation to the employee's paid hours (it is free of any unpaid absence of the employee from work – e.g. due to illness). It also excludes employees whose number of contracted hours of work is less than 30 a week. The average wage obtained by means of the CZSO business surveys is derived in relation to the registered number of employees (employees with a short unpaid absence are included) and the number of contracted hours of work per week is disregarded.

A **median** is the value of the employee's wage in the middle of wage distribution; this implies that one half of wage values is below the median, while the other half is above it. The indicator gives a better picture of the wage level in a given category than a simple average wage.

Parts A and B of this chapter give numbers of employees or employed persons obtained from two different sources and survey methods; from business reporting systems and the Labour Force Sample Survey (LFSS) carried out in households. Given the fact that the results do not always show identical numbers of persons, structures, and trends, Table below gives substantial differences in the coverage of the basic population.

Group	BUSINESS STATISTICS (10A)	LFSS (10B)	
	Employees	Employees	Self-employed
Population 15+ employed	/	–	–
Population 15+ usually living in dwellings	–	/	/
Females on maternity leave	–	/	/
Persons on parental leave (persons on parental leave – included in the survey, but not considered as employed)	–	–	–
Contracts for work carried out outside employment contracts	–	/	x
Foreign nationals	/	–	–
Foreign nationals usually residing in the CR	/	/	/
Persons working outside the CR	With the enterprise registered office in the CR only	/	/
Professional members of the armed forces	/	/	x
Temporary members of the armed forces, serving compulsory military service, till 2004, included	–	/	x
Compulsory community service till 2004, included	–	/	x
Full-time councillors at all levels of public administration	–	/	x
Free professions	–	/	x
Home personnel	–	/	x
Multiple job holders	Multiple job holders	Second job holders only	Second job holders only

- / – covered
- – not covered
- x – the figure is not applicable

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Other information on the labour market statistics is published on the website of the Czech Statistical Office at:

- http://www.czso.cz/eng/redakce.nsf/i/labour_and_earnings_ekon
- http://www.czso.cz/eng/redakce.nsf/i/employment_unemployment_ekon

or on the website of the Ministry of Labour and Social Affairs of the CR at:

- <http://www.mpsv.cz/en>
- <http://portal.mpsv.cz/sprava/multilang>