

## 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 **random selected dwellings** on the territory of the entire Czech Republic (over 0.6% of all permanently occupied dwellings). All persons usually living in the sampled dwellings, irrespective of the type of their residence, are included in the LFSS. The set 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 for wage, salary, or for other reward, he/she is strictly classified, according to the ILO methodology, as a person in employment.

All tables give average annual data for respective years.

**Reliability of data collected by sample methods 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** (as headcount) and on **average gross monthly wages in 2007 to 2010** (Tables 9-8., 9-9., 9-103., and 9-104. are drawn from results of the processing of annual statistical questionnaires. They cover all businesses and non-commercial organisations with no regard of their number of employees. The territorial breakdown of the data by region is obtained directly from the reporting units and is carried out depending on the location of actual workplaces of employees, by the so-called **workplace method**. However, a more detailed territorial breakdown, for example, by districts, is impossible. The data breakdown by industry has been **processed according to the CZ-NACE classification**. Data are classified to industries by principal activity of the whole enterprise.

In 2011 data on **numbers of employees and average wages** (Table 9-105.) are drawn from the results of the processing of quarterly statistical questionnaires and are published **by workplace location**. Data are given for all enterprises with the numbers of employees converted to the **full-time equivalent** which reflects the length of worked hours. The data are preliminary.

The data on **wages by sex and by classification of occupations** (Tables 9-10., 9-106., and 9-107.) were obtained by merging of data from the **Information System on Average Earnings (ISAE)** of the Ministry of Labour and Social Affairs of the CR; which covers the wage sphere by sample surveys, and from administrative data source of the **Information System on Salaries (ISS)** of the Ministry of Finance of the CR, which covers exhaustively the salary sphere. The **average wage** of the employee 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.).

**Since 2011 the results cover in sample surveys the whole employee population of the Czech Republic** because newly employees of businesses with less than 10 employees and also employees of non-profit organizations and employees of the self-employed have been included. This change means the statistical data are more representative and also data for 2011 are not comparable to the previous years. The **breakdown by occupation** has been processed **by the classification of CZ-ISCO** (effective since 1 January 2011).

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, 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** was calculated as 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.