

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). The data thus 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 respected.

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 is varied during the survey. Each quarter, 20% of newly chosen dwellings are incorporated into the panel; they are eliminated from the panel after five quarters.

The key criterion for surveyed characteristics of every respondent is the respondent's actual activity in the labour market in a 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.

In individual years, average annual data are shown in all tables.

Data were collected by sample methods; this is why they are **becoming less accurate depending on decreasing size of the sample**. The annual averages lower than 3 000 persons are considered as data with low reliability and annual data lower than 500 persons are not published at all, as their relative standard error is higher than 50% (instead of them there is a dot in the tables). For all data obtained from sample survey a 95% confidence interval can be constructed, i.e. an interval, in which the real value of estimated indicator lies with a 95% probability. The size of the interval is affected both by frequency of a surveyed characteristics in individual regions and by size of the sample within 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 data by region is obtained directly from the reporting units, including enterprises with up to 20 employees; it is made according to the place of real workplace 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 2005–2008 is **newly processed according to the CZ-NACE classification** (introduced with effect from 1 January 2008), therefore data on employees and wages are for the time being marked as preliminary.

In statistics of labour and wages, **since 2009** there has been a **change of methodology** of surveys and presentation of results. Data published **according to the head office of the reporting business** (so-called enterprise method) are newly shown **including enterprises with less than 20 employees** with highlighting average wages of employees **recalculated to the full employed** with regard to the full-time work. Due to comparability of time series this yearbook for the last time publishes also data in the original concept, i.e. in the business sphere without enterprises with less than 20 employees with the previously preferred average wage per headcount.

Data are classified to an industry according to the 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; territorial breakdown is made by the head office of the reporting business - the so-called enterprise method. It means that even though a business has subordinated organizational units (plants, operations and the like) detached in other region, it is classified as a whole to the region, in which it has its head office. Data are shown both according to the original methodology and the new methodology as well. Data published according to the original methodology related to all persons included in the registered number of employees in businesses coming under the business sphere that employed 20+ employees (irrespective of the number of employees in financial intermediation), including employees of unincorporated private entrepreneurs. The data concerning the non-business sphere refer to all employees of government departments, semi-budgetary organizations (organizations partially funded from state and territorial budgets), and non-profit institutions (institutions of public utility, health insurance companies, etc.).

The data listed 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 Salary (ISS)** of the Ministry of Finance of the CR. These sources provide information on individual employees. The average wage is calculated in relation to 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 in relation to the registered number of employees (Tables 9-8 and 9-9 or Tables 9-103 to 9-105).

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 data on the number and structure of unemployed **job applicants** and on the vacancies are taken over 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 a labour office to find a job for them.

Available unemployed job applicants are registered job applicants (including EU and EEA citizens), ready to immediately take up a job, when an appropriate one is offered, because no objective obstacle prevents them from doing that.

Partly unemployed are registered job applicants with additional earning (coming from activity based on employment or service relationship, where the activity performed is shorter than a half of the stipulated working time, or under contracts of work carried out outside contracts of employment provided that their monthly earning or remuneration per month does not exceed half of the minimum wage).

Registered unemployment rate by methodology valid until 30 June 2004, is the ratio (%) of the number of the unemployed job applicants in the numerator (as at the end of the reference period), and, in the denominator, the available labour force (i.e. the employed measured by the LFSS and unemployed job applicants). **Registered unemployment rate by methodology valid from 1 July 2004**, is the 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 valid work permit or trade licence plus the number of available unemployed job applicants (moving annual average).

Data for **employed foreigners** result from the records of:

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

- on valid work permits of foreigners
- on 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 a free access to the CR's labour market since the accession of the CR to the European Union, they do not need a work permit, related to them is only a duty to inform, namely from the point of view of an employer, who has the duty at the latest on the day of commencement of work of these persons to inform in writing about this fact the relevant local labour office)
- on 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, only the duty to inform is related to them)

the **Ministry of Industry and Trade**:

- data on the number of foreigners with valid trade licence

Conditions for employing of foreigners are set by Act No. 435/2004 Sb., on Employment; self-employment of foreigners (foreigners can run a business in the Czech Republic the same as the citizens of the CR if they fulfil conditions set by law) is set by Act No. 455/1991 Sb., to Regulate Trades.