Industrial relations

Czech Republic: Developments in working life 2017

Developments in working life in Europe: EurWORK annual review 2017
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Author: Renata Kyzlinková, Soňa Veverková, Research Institute for Labour and Social Affairs (RILSA)

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European Foundation for the Improvement of Living and Working Conditions

Telephone: (+353 1) 204 31 00

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Czech Republic: Developments in Working Life 2017

Political context affecting working life aspects

In October 2017, elections were held to the Chamber of Deputies of the Parliament of the Czech Republic. The clear victor in the elections was ANO 2011 and, although the proposed minority government has not yet won a parliamentary vote of confidence, the future political configuration has led to the formation of different expectations from the various social partners as far as social dialogue and working conditions are concerned. ANO 2011 is a centrist anti-establishment movement, and unlike with concern to traditional political parties, it is not entirely clear what social partners can expect from the new government, although the new Prime Minister, Andrej Babiš, has stated that he intends to continue to maintain active contact with social partners, as the previous government did.

On 20 and 21 October 2017 elections to the Chamber of Deputies of Parliament of the Czech Republic were held. Centrist anti-establishment movement ANO 2011 has won the election (with 78 seats of total of 200). Andrej Babiš, leader of ANO 2011, was designated Prime Minister by President Miloš Zeman on 6 December 2017 (however, his government, which is composed only of members of ANO 2011, has no majority in the parliament and has not won a parliamentary vote of confidence yet).

Social partners reactions following changes in governments

Relations with the previous government with Prime Minister Bohuslav Sobotka of the Czech Social Democratic Party (Česká strana sociálně demokratická, ČSSD) are considered by both employer and employee representatives to have been at a very high level; both parties have thanked the outgoing government both for their approach and high level of acceptance of recommendations put forward by the various social partners, while recognising that it was not possible to put all their recommendations into practice.

Social partners including the largest trade union confederation, the Czech Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů, ČMKOS), and the largest employers’ association, the Confederation of Industry of the Czech Republic (Svaz průmyslu a dopravy České republiky, SP ČR) are keen to establish good relations with the new government. In addition, both organisations have already published their comments and recommendations for the new government – SP ČR calls on the government to simplify the administration process of surrounding the employment of foreign workers (SP ČR 2017a, SP ČR 2017b), while ČMKOS requests are focused on the better legislation in the field of agency work, tax burden for employees, sick leave, migrant workers and active employment policy (ČMKOS, 2017b).

On 4 January 2018, the first Plenary Session of the Council of Economic and Social Agreement of the Czech Republic (Rada hospodářské a sociální dohody, RHSD) took place, i.e. the tripartite body, at which the social partners and the government held discussions on the draft programme statement (presumed) of the new government. The Prime Minister, Andrej Babiš, reassured the social partners that he intends to continue to pursue active social dialogue with them, and also suggested the creation of more space in the various tripartite working teams for discussion between social partners. At the same time, the prime minister stated that he intends to deepen cooperation between the central tripartite and individual regional and economic councils.

Labour market reforms or major packages of working life regulations

There were no major labour market reforms during 2017. Although a draft of the amendment to Act No. 262/2006 Coll., Labour Code has been a subject to be discussed within the legislative process from the beginning of 2016, it was not approved during the term of office of the previous government. It is supposed that the proposed amendments will be changed or abandoned by the new government.
Developments in industrial relations 2017

Changes affecting the national-level actors and institutions of industrial relations and social dialogue in 2017

Representativeness
There were no changes in the way in which representativeness of social partners is regulated or assessed

Actors
According to representatives of the two largest Czech trade union confederations, ČMKOS and the Association of Independent Trade Unions of the Czech Republic (Asociace samostatných odborů České republiky, ASO ČR), the trade unions have recently recruited thousands of new members – according to the chairman of ČMKOS, Josef Středula, a total of 26,684 persons have joined ČMKOS member trade union organisations over the last two years, of whom 13,532 joined in the period June 2016–June 2017. However, the new members are simply compensating for the natural loss of existing members (retirement), so that the new membership has, to date, failed to result in an increase in the total membership of ČMKOS. The trade union density is estimated on 11.1% in 2016.


Institutions
No legislative or institutional changes to the main social dialogue institutions were implemented in 2017.

Changes in the social dialogue processes
No major changes in the practice of national-level social dialogue processes occurred in 2017.
### National social dialogue in 2017 – Scope and Contribution

#### Main social dialogue topics and outcomes in 2017

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description of issue</th>
<th>Code(s)-interaction</th>
<th>Type of Interaction</th>
<th>Code(s)-Outcome</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>General labour market topics</td>
<td>Job creation, reduction of unemployment, active labour market policies, labour market participation of different groups</td>
<td></td>
<td>Tripartite debate</td>
<td>7</td>
<td>Issue not closed, ongoing exchange. The plenary session of the RHSD set up the Working Team for Migrant Workers Employment (Pracovní tým pro zaměstnávání zahraničních pracovníků) which should deal with the issue.</td>
</tr>
<tr>
<td>Job creation, reduction of unemployment, active labour market policies, labour market participation of different groups</td>
<td>The Czech economy continues to face a shortage of available labour. The solution of the recruitment of foreign workers (especially from Ukraine) has not been particularly successful to date and employer associations, in particular, are pushing the government to simplify the recruitment process.</td>
<td>1</td>
<td>Tripartite debate</td>
<td>7</td>
<td>Issue not closed, ongoing exchange. The plenary session of the RHSD set up the Working Team for Migrant Workers Employment (Pracovní tým pro zaměstnávání zahraničních pracovníků) which should deal with the issue.</td>
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<tr>
<td>wage setting systems, including the setting of minimum wages (but excluding the ‘regular’ annual debates about the determination of the level of the new minimum wage)</td>
<td>Wage setting systems, including the setting of minimum wages (but excluding the ‘regular’ annual debates about the determination of the level of the new minimum wage)</td>
<td>1, 5, 8</td>
<td>Tripartite debate, Formal consultation of employers organisations, Lobbying from at least one side</td>
<td>1, 7</td>
<td>The new government intends to continue raising the minimum wage; however, at the same time, it plans to introduce stable rules for the growth thereof so as to increase the level of predictability.</td>
</tr>
</tbody>
</table>
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<tr>
<td>Any other relevant themes/topics addressed in the national level/peak level social dialogue</td>
<td>ČMKOS continues its “End of Cheap Labour” (Konec levné práce) campaign which aims to attract attention to the fact that, according to ČMKOS, Czech employees are amongst the lowest paid employees in the EU.</td>
<td>1–8</td>
<td>All types of interaction</td>
<td>5, 7</td>
<td>According to ČMKOS, thanks to the End of Cheap Labour campaign, it was possible to agree higher wage growth via collective agreements in 2017 than in the previous year; for example, the Trade Union of Building Workers of the Czech Republic (OS STAVBA) negotiated an increase in minimum wage rates of 6.3% for hourly wages and 6.7% for monthly wages. In addition, ČMKOS reports that the number of new trade union members is growing due to the campaign.</td>
</tr>
</tbody>
</table>

No major social dialogue debates were held on the following themes: Skills, training and employability; Benefits (unemployment, sickness schemes, minimum income); Taxation and non-wage related labour costs; Pension reforms; Working time regulations; Terms and conditions of employment, including different forms of contracts; Health, safety and well-being at work; Work-life balance related themes, incl. family leaves

Note:

Codes for ‘Type of interaction’: 1 - Tripartite debate; 2 - Tripartite negotiation; 3 - Formal consultation of both social partners; 4 - Formal consultation of trade unions; 5 - Formal consultation of employers organisations; 6 - Bipartite debate; 7 - Bipartite formal negotiations; 8 - Lobbying from at least one side; 9 – Type of interaction unknown.

Codes for ‘Outcome as per 1.1. 2018’: 1 - Unilateral decision by government; 2 - Legislation passed; 3 - Legislation prepared (in legislative process, not concluded); 4 - Tripartite agreement or joint position reached; 5 - Bipartite agreement reached; 6 - Joint opinion of social partners reached; 7 - Issue not closed, ongoing exchange; 8 - Issue dropped, no concrete outcome, no further exchange; 9 – Outcome unknown, none of these types.

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Selected major social dialogue debates

Shortage of labour continues

The Czech economy continues to be faced with a serious shortage of labour (see Q2/2017, Q3/2017). The unemployment rate stood at 2.6% in October 2017 (source: Czech Statistical Office, latest data) and the lack of labour is hampering the growth of the Czech economy. According to the SP ČR, the only solution is to import labour from abroad (especially from Ukraine). The government responded to the problem by launching the Ukraine Scheme (see Q3/2016, Q2/2016) aimed at simplifying the recruitment of Ukrainian labour. However, according to employers, the process is still not flexible enough. The SP ČR thus continues to call on the government to further simplify the administration process surrounding the employment of foreigners, especially those from Ukraine. On the other hand, the trade unions are concerned about the employment of foreigners, opining that the employment of Ukrainians could have a negative impact on salary levels and occupational health and safety in the Czech Republic. The plenary session of the RHSD agreed to set up the Working Team for Migrant Workers Employment (Pracovní tým RHSD ČR pro zaměstnávání zahraničních pracovníků), which aims to reconcile the views of the various social partners and to propose subjects for further discussion.

End of Cheap Labour campaign (Konec levné práce)

ČMKOS continued its “End of Cheap Labour” campaign during the year. The campaign was launched in September 2015 and aims to highlight the fact that Czech employees are, according to ČMKOS, amongst the lowest paid employees in the EU.

As part of the campaign, a meeting was held on 14 September 2017 attended by 1,500 trade unionists. The meeting was organised by ČMKOS and supported by the Czech Republic’s second largest trade union confederation, ASO ČR, as well as the ETUC. The meeting discussed the electoral manifestoes of the various political parties and movements that participated in the October 2017 election to the Chamber of Deputies. In addition, the chairman of ČMKOS, Josef Středula, stated that with concern to the negotiation of wage growth for 2018, the unions recommend that wages be increased by between 8% and 10% taking into account the specific economic situation of the employer. This recommendation also appeared in ČMKOS (2017a) as one of the objectives of collective bargaining for 2018.

Unilateral government actions – without social dialogue

There were no major examples or cases.

Changes affecting the sectoral and company level social dialogue 2017

There were no major changes in the legislation, the institutions or the practice affecting collective bargaining and social dialogue at sector-level and company-level

Innovation in collective bargaining

New themes for collective bargaining at the company level

Among its objectives for 2017, ČMKOS recommended for the first time that, in order to maintain or increase employment levels and to maintain decent working conditions, trade unions negotiate in the context of company-level collective agreements (inter alia) a) that the trade union co-decides with the employer on the use of agency employment and the employment of third-country nationals and b) the trade union co-decides on the implementation of elements of Industry 4.0 and the replacement of human work by robotised workplaces and, in connection with digitalisation, that the trade union negotiates such arrangements that ensure that there is no negative impact on the working and/or wage conditions of employees. No statistics are yet available on the inclusion of such provisions in collective agreements.
Collective labour disputes in 2017
There were no significant changes in the regulation of collective disputes in 2017
There is no legally defined reporting service in this area. These activities by the social partners have not been centrally monitored since the mid-1990s. The only available data are for ČMKOS members only (see below).
In 2017 1 strike was announced (11 April 2017) when concluding company-level collective agreement (according to the Czech law, strike is legal only if concerns of negotiation and conclusion of a collective agreement only, no matter if higher-level or company-level). The strike was announced by basic trade union of OS ECHO in Mitas, a. s. (manufacturer of off-road tyres). The reason for the strike was an insufficient wage development. The strike took 2 hours and resulted into the preliminary agreement between management and employees on wage increase.
In general, strikes are rare in the Czech Republic. Strike alert (which is, however, not defined by Czech law) are more common. In 2017 10 strike alerts in terms of concluding of company-level collective agreement were held. In most cases, demand on wage increase was the reason.

Working time 2017
No legislative changes relating to working time were adopted in 2017, although extensive changes concerning working hours were included in a range of proposed conceptual amendments to the Labour Code (Act No. 262/2006 Coll.). However, despite the draft of the amendment being subjected to discussion within the legislative process from the beginning of 2016, it was not approved during the term of office of the previous government (in October 2017, elections were held to the Chamber of Deputies of the Czech Parliament and in December 2017 a new government was appointed) and it is considered most likely that the proposed Labour Code amendments will be abandoned.
The proposed amendment to the Labour Code (Act No. 262/2006 Coll.) envisaged the introduction of changes to provisions on working hours in a number of areas. The amendment aimed at introducing a completely new category of senior management staff, the position of whom would differ from that of other employees particularly with respect to adjustments to working time and rest periods. The senior management staff is allowed to arrange their working time according to their needs but it cannot exceed 48 hours per week. Senior management staff is not entitled to payments for overtime, at night, on Saturdays and Sundays and public holidays. In addition, the proposed amendment addressed the working time arrangements of those employed on the basis of so-called agreements to complete a job and agreements to perform work (for work performed outside a regular employment relationship) and the introduction of the obligation for such working hours to be registered. Currently, the only limitation concerning the working time of employees working on such agreements is that of a maximum number of working hours, which may not exceed 12 hours within 24 consecutive hours; moreover, employers have no statutory duty under such agreements to establish working hours arrangements (e.g. regarding overtime work, rest breaks etc.). Changes, albeit partial, would also have been applied to the setting of working hours and rest periods. In addition, the amendment proposed the introduction of so-called ‘special working regimes’ including ‘working time accounts’ and flexible working hours.
Perhaps the most fundamental change that the amendment to the Labour Code would have introduced, and which would undoubtedly have affected all employers and employees in a regular employment relationship, consisted of a new concept for the calculation of annual leave entitlement and the drawing thereof. The entitlement to annual leave which, according to the proposal, would have been calculated according to weekly hours worked (and not days as is currently valid) by the employee and would have ensured a fairer approach, especially in situations where employees work unevenly scheduled working hours.
A measure affecting periods of leave from work, i.e. paternal postnatal care has been introduced. Act No. 148/2017 Coll., amending Act No. 187/2006 Coll. on Sickness Insurance,
was entered into the Statute Book on 22 May 2017 and came into effect in January 2018. Under the terms of the Act, paternity leave of one week’s duration can be taken within six weeks of the birth of a child. The aim is to give new fathers the opportunity to bond with their child. It is assumed that the new law will entitle men to the same amount of money for their one-week paternity leave as women on maternity leave, i.e. equal to 70% of the daily assessment base. The primary objective of the measure is to allow the father to be with the mother of the child for one week with the advantage of receiving assistance partly financed by the state while, secondly, providing the option to claim an extra week of holiday leave.

The long-term care allowance is similar in character to the measure outlined above and the relevant Act introducing changes to the claiming of the allowance, which amended Act No. 187/2006 Coll., on Sickness Insurance and Act No. 262/2006 Coll., the Labour Code, was approved in August 2017. The Act has already passed the legislative process and the changes will come into effect on 1 June 2018.

In situations in which it is necessary to provide all-day long-term care for a family member, it will be possible to claim paid leave for up to 90 days. Compensation for the loss of income from gainful activity during a period in which long-term care is provided will be awarded to caregivers from the health insurance system in the amount of 60% of the daily assessment base. During the period of care, it will not be possible for employers to issue employees with notices to quit and, following the conclusion of the care period, a new regulation in the Labour Code further guarantees the right to return to the original employment position. Although the employer will be entitled to refuse the granting of such a care period, it will only be possible in the case of serious operational reasons and following communication in writing. In all other cases, the employer will be obliged to provide such leave.

**Health and well-being at work 2017**

**Physical working environment**

In July 2017, Act No. 202/2017 Coll., amending Act No. 373/2011 Coll., on Specific Health Services and certain other Acts, was entered into the Statute Book. The Act came into force on 1 November 2017. The amendment introduces substantial changes in the field of occupational health services, and is intended to contribute towards reducing the administrative and economic burden for employees, job seekers and employers (Hrubá, 2017). An important part of the amendment consists of the simplified provision of occupational health services for employment agencies. For the first time, employment agencies can send their employees (first category workers) for medical examinations provided by medical services ensured by the user (employer). It also introduces the possibility of the continuation of the validity of a medical opinion in cases where an employment agency employee who is temporarily assigned to another employer concludes an employment relationship with this employer for the same type of work for which he/she has previously been medically assessed (Holec, Zuska et al., 2017).

**Psychosocial working environment**

The text of the amendment to the Labour Code (Act No. 262/2006 Coll.) which, finally, was not passed by the end of the previous government’s term of office, initially included wording obliging employers to prevent the risk of work-related stress. However, this measure was criticised during the commentary procedure as well as during discussions between the various social partners on the proposed amendment, which led to its eventual omission from the revised text.

No more significant debates concerning the psycho-social working environment were recorded in 2017.
## Employment status 2017

<table>
<thead>
<tr>
<th>Type of contracts</th>
<th>Changes made during 2017.</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Standard’ employment contracts</td>
<td>The conditions under which young people negotiate an employment relationship have been changed. Previously, only those who had reached the age of 15 and, at the same time, had completed compulsory school attendance could perform dependent work. As of 27 February 2017, the condition concerning the completion of compulsory schooling no longer has to be fulfilled (amendment to Act No. 89/2012 Coll., the Civil Code, introducing a change to section 35). The change also applies to the role of legal guardians of minors, who no longer have the right to veto the employment relationship of minors over the age of 15. Section 56a and section 77 paragraphs 5 and 6 of Act No. 262/2006 Coll., the Labour Code were abolished.</td>
</tr>
<tr>
<td>Self-employed</td>
<td>No significant changes</td>
</tr>
<tr>
<td>Fixed term contracts</td>
<td>No significant changes</td>
</tr>
<tr>
<td>Temporary agency workers</td>
<td>Act No. 206/2017 Coll., amending Act No. 435/2004 Coll., on Employment, and other related acts, was published on 14 July 2017 and entered into force on 29 July 2017. The Act amends primarily the Act on Employment, the Labour Code and the Inspection of Labour with regard to temporary work agencies. <strong>Act on Employment</strong> One of the major changes introduced by the Act is the re-implementation of the possibility to post foreign workers (who obtained a so-called employee card, a blue card, or a work permit) to the Czech Republic via temporary work agencies. Regarding this change, it should be noted that a Government Decree further limiting the posting of foreign workers had been issued based on the delegatory provision of Act No. 435/2004 Coll., on Employment, as currently only foreign workers of certain professions (Government Decree No. 374/2017 Coll.) are permitted to be posted through temporary work agencies (also level of education with some exception is considered). Employment agencies will no longer have to file applications for a permit every three years in order to offer their services. Based on the new rules, the first permit will be valid for only three years, but the following permit will be issued for an indefinite period, provided that it was not revoked during the previous period. Each legal or natural person that applies for a permit will have to put down a deposit in the amount of CZK 500,000. The aim of this new measure is to prevent purpose-driven</td>
</tr>
</tbody>
</table>
establishments of employment agencies with the goal of circumventing certain laws, especially in the areas of health insurance and social security. The obligation to put down this deposit will also apply to already existing employment agencies. The deposit will have to be paid within three months from the date the Act comes into effect, otherwise the permit will become void.

The amendment officially adds a definition of disguised employment agency (an employment agency that does not adhere to the requirements set forth in the Act on Employment). A corresponding fine for such misdemeanour in the amount of CZK 10,000,000 have been added to the Act No. 251/2005 Coll, on Labour Inspection.
(Source: EU Flash report August)

The related amendment to Act No. 262/2006 Coll., the Labour Code is also significant in that it provides for new sanctions for users of agency workers in the event of non-compliance with providing comparable working conditions for agency and regular company workers, or in the case of the performance of work by an agency worker under two different working relationships at the same time, i.e. the worker is employed by the user of agency services in a basic employment relationship and, at the same time, is assigned by the agency, which makes it possible to circumvent statutory provisions on working time and overtime.

Employees of work agencies will no longer be permitted to be assigned to user undertakings, if:

- they are already in an employment law relationship with the employer regardless of the position in which the employee works in or is assigned to (it can be the same position or a completely different position)
- They have already performed work for the employer in the same calendar month on the basis of a temporary assignment by another employment agency.

| Posted workers | Please see the section Temporary agency workers in this table |
| Seasonal workers | No significant changes |
| Zero hour contracts | No significant changes |
| Agreements to complete a job | An amendment to Act No. 435/2004 Coll., on Employment, which came into effect on 1 July 2017, introduced a change in the regulation of so-called non-conflicting employment (amendment to section 25, paragraph 3(b)). The new legislation precludes the option of being registered as |
unemployed at the employment office while employed on the basis of an agreement to complete a job (as was previously possible). The measure aims to create conditions under which job seekers are more motivated to secure employment positions that will include their full participation in the sickness insurance system and that will provide a level of income sufficient to secure their basic living needs.

References


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