



Industrial relations and social dialogue
**Czechia: Working life in the
COVID-19 pandemic 2020**

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Introduction

The COVID-19 pandemic had a major impact on the country's economic development, the situation of companies and the work and personal lives of individuals. State of emergency was first declared 12 March 2020 and ended 17 May 2020. During this period, many restrictions were applied - free movement was limited with the exception of travel to and from work, almost all schools were closed and on-line education applied, retail sales and the sales of services in business premises were forbidden (with the exception of foodstuffs, electronics, ICT, fuel, pharmacies, chemists, animal welfare goods and feeds, opticians, newsagents, laundromats and e-shops), public access to indoor and outdoor sports centres was forbidden, restaurants and accommodation facilities were closed etc.

In the first wave of pandemic, Czechia had one of the lowest per capita COVID-19 infection rates in Europe and pressure on intensive care hospital beds equipped with artificial respiration was minimal. That is why restrictions were slowly loosened when the state of emergency ended. However, the second wave of pandemic, which came in September 2020, was much worse. State of emergency was declared again 5 October 2020 and later similar restrictions as in the period of March-May 2020 were applied.

Economic impacts of anti-epidemic measures are not known yet, since many companies and self-employed have been supported by any of compensation programmes; however, it is obvious, that some sectors have been badly hit (HORECA, tourism, transport). Anti-epidemic measures have also had some positive impacts too, especially in the field of digitalization in many areas (work, company, education, public administration).

Impacts of the pandemic on working life

From the point of view of working life, the disease and the related restrictive measures were reflected in the development of employment. According to data from the Czech Statistical Office (Český statistický úřad, ČSÚ) obtained from the Labour Force Survey (LFS), the total employment of persons aged 15 and over decreased by 1.4% (i.e. by almost 73,000 persons) year-on-year in Q3/2020. The employment rate of those aged 15–64 decreased by 0.9 p.p. year-on-year to 74.4% (ČSÚ, 2020a).

Table 1: Development of employment and unemployment rates in the context of the pandemic

Quarter	Q4/2019	Q1/2020	Q2/2020	Q3/2020
Employment rate	75.3%	74.8%	74.1%	74.4%
• Men	82.1%	81.6%	81.0%	81.7%
• Women	68.2%	67.8%	66.8%	66.7%
Unemployment rate	2.1%	2.0%	2.4%	2.9%

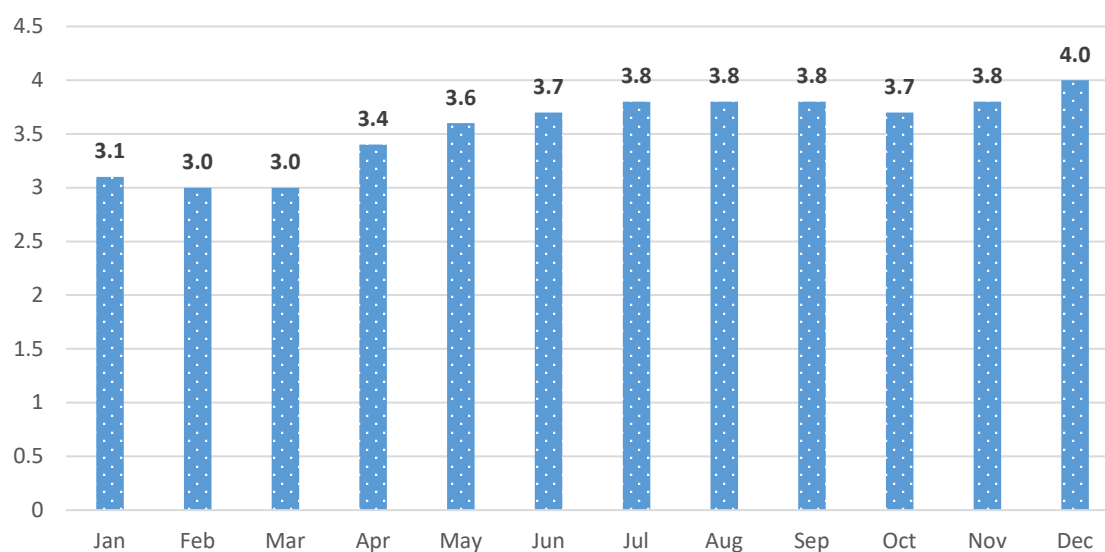
Note: Employment rate = percentage of persons in employment in the 15-64 age group.

General unemployment rate according to the ILO definition in the age group 15-64 years = percentage of unemployed in the labour force, i.e. the sum of employed and unemployed.

Source: ČSÚ, Labour Force Survey (ČSÚ, 2020a, 2020b, 2020c and 2020d).

The number of persons in employment decreased more for women than for men: the employment rate decreased year-on-year by 1.4 p.p. for women and by 0.4 p.p. for men. The most significant decrease has been recorded in manufacturing, transport and storage, HORECA sector, and in the sector of arts, entertainment and recreation (ČSÚ, 2020a). In the HORECA sector, the number of workers decreased by 15%. Not all of them went into unemployment, as some of them remained economically inactive, at least temporarily (ČTK 2020). In terms of occupational status, the number of employees decreased in particular in services and sales and in the main class of white-collar workers.

The general unemployment rate according to the ILO definition in the age group of 15–64 years increased in Q3/2020 by 0.8 p.p. year-on-year to 2.9% (ČSÚ, 2020a). According to the data of the Labour Office of the Czech Republic (Úřad práce ČR, ÚP ČR), unemployment, defined as the share of available registered jobseekers in the population aged 15-64, was still around 3% in the first three months of the year. In December 2020, it reached already 4%.

Figure 1: Development of the unemployment rate in 2020 (in %)

Note: Unemployment rate = the share of available jobseekers aged 15 – 64, registered by the Labour Office, in the population aged 15 – 64.

Source: MoLSA, statistics on unemployment – monthly figures, available at <https://data.mpsv.cz/web/data/vizualizace16>.

However, a study from the think-tank Institute for Democracy & Economic Analysis (Institut pro demokracii a ekonomickou analýzu, IDEA) points out that the effects of the pandemic on registered unemployment remain modest and that the Czechia shows by far the lowest rate and growth of general unemployment within the EU (Grossmann, Münich, 2020). This is evidenced also by an extensive survey conducted for the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic (Asociace malých a středních podniků a živnostníků ČR, AMSP ČR) by the Ipsos agency. Its results show that despite the increase in the number of unemployed, the lack of quality workers in the labour market persists: 74% of SMEs indicated in September 2020 that it was difficult for them to find new employees (Ipsos, 2020).

According to an analysis by LMC, the largest operator of job portals in Czechia, positions of nurses belong currently to those that are most difficult to be filled. However, due to the outflow of foreign employees, the increase in the number of positions offered was also recorded in the case of specialized blue-collar workers: the number of jobs offered between August and October 2020 for plant operators increased by almost 30% year-on-year. In the case of labourers, it increased by one quarter in the same period. The opposite is the case in occupations of waiters or cooks (Glaserová, 2020).

The data of the Ministry of Labour and Social Affairs (Ministerstvo práce a sociálních věcí, MoLSA) for the KVASAR project (Quality of the Accreditation and Retraining System), which prepares rules and conditions for changes in retraining, shows that the growth rate of the number of unemployed has been one third faster for women than for men since April 2020. At the beginning of the pandemic in March, according to these data, the unemployment rate for both women and men was 3%. By the end of November, however, the number of unemployed women rose to 3.9%, while that of men rose to 3.6%. This is mainly due to the fact that in the field of services, which was most affected by the COVID-19 pandemic, women are overrepresented (Týden.cz, 2020).

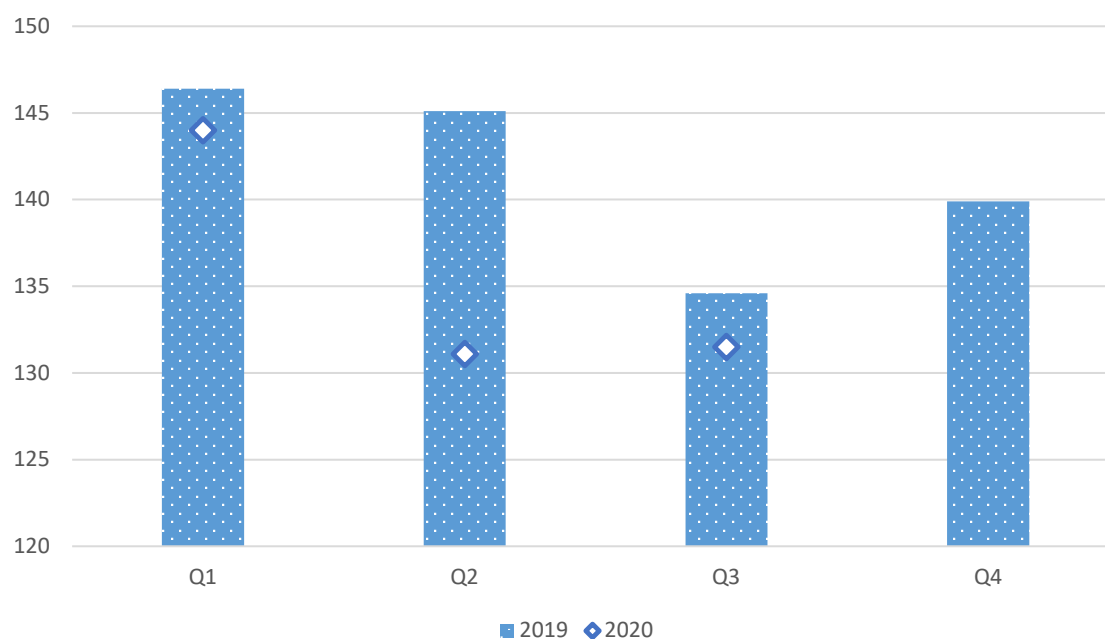
The number of economically inactive persons aged 15 and over also increased year-on-year, by 1.5% to 3.6 million, with this increase being significantly higher for women than for men. The number of economically inactive women increased in particular in the age category up to 45 years, while in the case of men it was mainly in the age category 60 and over. Working retirees, secondary school pupils aged 15–19 years and women caring for young children were the first to leave the labour market (ČSÚ, 2020a and 2020c).

Since April 2020, the ČSÚ has supplemented the standard LFS with questions concerning the impact of the coronavirus crisis on the labour market. The data for Q3 directly reflect a certain increase in respondents' optimism during the summer months. The negative impact of the COVID-19 pandemic was felt by 44.7% of the self-employed (15.5 p.p. less than in Q2) and 29.2% of employees (14.0 p.p. less than in Q2), most often in the HORECA sector (82.5% of entrepreneurs and 20.9% of employees in this sector) and in the sector of arts, entertainment and recreation (ČSÚ, 2020a).

The May LMC survey of employers showed that the first wave of the pandemic significantly affected a third of companies, and even a small half for small companies. 16% of companies experienced financial problems and another 12% had to (temporarily) close their operations. The autumn wave of the regular JobsIndex survey, also conducted by LMC, showed as well that during the first lockdown in the spring, changes in employment affected 80% of the working population. In the autumn, the situation of many people was still difficult. During the spring, more than half of the working population reported some loss of income. In the autumn, income outages persisted for a fifth of them and 6% of people lost their jobs as a result of the pandemic. Another analysis of LMC shows that job satisfaction increased during the crisis. Due to uncertainties in the labour market, people value more their work and the resulting economic security (LMC, 2020).

In addition, as follows from the Information System on Average Earnings (Informační systém o průměrném výdělků, ISPV) of the MoLSA, the COVID-19 pandemic also had an impact on the extent of working hours worked.

Figure 2: Average number of hours worked per one recalculated employee in 2019 and 2020 (in hours per month)



Note: The figure for Q4/2020 is not yet available.

Source: MoLSA, Information system on average earnings, available at <https://www.mpsv.cz/web/cz/publikace-ispv-ke-stazeni>.

The number of hours worked per month was reduced especially in Q2/2020 due to stringent restrictive measures during the first wave of the pandemic, by an average of almost 10%. The largest decline in the number of hours worked occurred in this period in the HORECA sector, in which hours worked were reduced by an average of 43.8%. The time worked decreased significantly also in the sector of administrative and support service activities, arts, entertainment and recreation, and the manufacturing.

One of the largest projects dealing with the behaviour of individuals during the pandemic and its impact on their lives is the longitudinal research Life during a pandemic (Život během pandemie), carried out by PAQ Research and the IDEA AntiCovid initiative. As part of this survey, the same sample representative of the 18+ population in terms of region, size of municipality, gender, education, age, and employment status before the start of the pandemic has always been interviewed at two to three-week intervals since March 2020. The survey has taken place online and the resulting sample has been between 2,200 and 2,600 respondents in individual waves. Its results show that the consequences for the working life of Czechs are more extensive than would be indicated by data on unemployment. Many workers did not directly face job loss, but a limitation in their work activity (27% of respondents aged 18-64 during the first wave of the pandemic). In the case of a reduction in working time or the loss of a stable work, it was a limitation without financial compensation, which most often affected the self-employed, persons working on out-of-employment contracts, workers in retail and services, and low-income households, which thus fell deeper below the poverty line. The impact of the second wave of the pandemic was weaker, but, for example, workers in retail and services and self-employed were again hit hard. The pandemic has also resulted in more people going into economic inactivity (e.g. hastening retirement).

The Life during a Pandemic study also looked at the use of home office. During the first wave of the pandemic, up to 23% of people worked completely and another 11% partially from home. During the second wave of the pandemic, the use of the home office was less extensive, with only 25% of economically active respondents working fully or partially from home. Workers in the IT and financial activities worked the most from home (during the first wave of the pandemic, 60-70% of them worked entirely from home), but also in the sectors of education and culture (up to 50% of them worked entirely from home in spring). Due to the structure of professions, the home office was mostly used in large cities and its use also increases with the level of education attained (PAQ Research, 2020).

Bajgar, Janský and Šedivý from the think-tank IDEA analyzed the potential of work from home in the Czech population and concluded that about a third of workers in Czechia are able to do their work from home, which is roughly the share of workers working from home in peak of the 1st wave of the pandemic. The potential of work from home was determined using the classification of occupations practicable from home according to Dingel and Neiman (2020). This classification was applied to data from the Labor Force Survey for the Czechia from 2015, which found out what proportion of workers (both employees and self-employed) perform these occupations in their primary job. The authors point out that significant inequalities in the availability of home office between workers in different sectors, regions and especially with different educational attainment levels, could deepen social inequalities (Bajgar, Janský and Šedivý, 2020).

Political context

The coalition government of Prime Minister Andrej Babiš (ANO Movement, Hnutí ANO, ANO) with the Czech Social Democratic Party (Česká strana sociálně demokratická, ČSSD) continued in 2020. The government has been in office since 27 June 2018 and, although several ministers (of Health, Justice, Transport, Industry and Trade, etc.) have been replaced, the governing coalition continues in office.

On 2 and 3 October 2020, elections to regional councils and one third of the Senate of the Parliament of the Czech Republic (Senát Parlamentu České republiky, Senát) were held in the Czech Republic (senate elections usually involve two rounds due to the electoral system; in most constituencies the second round took place on 9 and 10 October 2020). Although the ANO gathered the most votes in the regional elections in most regions, most political observers agreed that ANO was unsuccessful overall, i. e. in most regions it failed to form coalitions and was forced to remain in opposition. The other party in the governing coalition, the ČSSD, however, lost most of its seats in the regional elections, winning just 28 seats (in the previous election period 2016-2020, it had a total of 125 seats). The elections to one-third of the senate were similarly unsuccessful for the governing coalition: the ANO won just one seat in the senate, the ČSSD none.

The COVID-19 pandemic exerted no major impact on the government and the composition thereof, except for the replacement of health ministers, i. e. twice in 2020.

Governments and social partners response to cushion the effects

Despite the difficulties associated with the COVID-19 pandemic, relations between the government and the social partners, at least at the peak-level, have remained reasonable. The social partners at the peak level have generally agreed with the government's anti-epidemic measures, as well as with the compensation programmes that the government has introduced to date. The social partners have been and continue to be involved in the creation of compensation programmes provided the required time is available - during the first wave of the epidemic, in spring 2020, it was necessary to react quickly and the government did not have the time necessary to consult with the social partners; this factor was respected by the social partners. The government has also shown itself willing to revise its compensation programmes in line with the comments of the social partners, which has been reflected in both the settings and revision of selected compensation programmes.

Most of the compensation programmes introduced are anchored in legislation and comprise completely novel, temporary measures, usually aimed at partially compensating entrepreneurs for losses caused by the introduction of anti-epidemic measures (the closure of businesses in certain sectors) - such as COVID Accommodationⁱ, COVID Spaⁱⁱ, COVID Cultureⁱⁱⁱ etc. Support for the self-employed has also been introduced in the form of the so-called compensation bonus^{iv} and the care allowance^v, which also covers the self-employed.

However, criticism of the government and its anti-epidemic measures and compensation programmes is emerging, especially on the part of those social partners from the most affected sectors, e. g. the HORECA and tourism sectors. According to statements from representatives of these sectors, the government's anti-epidemic measures are chaotic and are leading to an increase in uncertainty, the compensation programmes are insufficient and, moreover, they are too late, i. e. many businesses have already gone bankrupt (SOČR, 2020). The president of the Czech Confederation of Commerce and Tourism (Svaz obchodu a cestovního ruchu České republiky SOČR) Tomáš Prouza has stated that of the government initiatives from which closed restaurants are entitled to claim (COVID Gastro - Closed establishments^{vi}, COVID Rent^{vii}) the average Czech restaurant owner receives compensation in the amount of around 30-40% of regular turnover (CNN Prima News, 2020c).

The chairman of the second largest peak-level trade union association, Association of Independent Trade Unions of the Czech Republic (Asociace samostatných odborů České republiky, ASO ČR), rather insensitively added to this discussion, stating on CNN Prima News that it is not important that some restaurants, travel agencies and services will go bankrupt since society does not need them and their bankruptcy forms part of the 'cleansing process'. He recommended that those made unemployed should retrain, especially in those sectors suffering from labour shortages (industry, trades). He commented similarly on the compensation bonus for the self-employed^{viii}; in his opinion the self-employed received support from public sources despite their contribution to public finances being much lower than that of employees (CNN Prima News, 2020a). These statements outraged both employers and employer organisations; moreover, the chairman of the largest peak-level trade union confederation Josef Středula (Czech-Moravian Confederation of Trade Unions, Českomoravská konfederace odborových svazů, ČMKOS) distanced himself from these statements, and stated that in

times of crisis, the state must support entrepreneurs since the self-employed and small businesses comprise the basis of the national economy (CNN Prima News, 2020b).

Some employers' representatives and employers from the most affected sectors subsequently submitted their own initiatives aimed at supporting affected companies. One of the initiatives is known as 'Chcípl PES' (Death to the graded anti-COVID regulation system), which was originally established as a protest by entrepreneurs in the gastronomy sector against the re-closure of restaurants (in the second wave of the epidemic restaurants were closed from 14 October 2020 to 3 December 2020 and re-closed on 18 December 2020 till now). The initiative points out that restaurants are safe provided that they comply with the relevant anti-epidemic measures and that the risk of spreading the disease is minimal; thus, their closure is considered by entrepreneurs to be unjust, illegal and ineffective.

The initiative gradually spread to affected entrepreneurs in other sectors (hotels, fitness centres, etc.). It was also supported by e. g. the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic (Asociace malých a středních podniků a živnostníků České republiky, AMSP ČR), a member of the largest peak-level employers' association, Confederation of industry of the Czech Republic (Svaz průmyslu a dopravy České republiky, SP ČR), and by 17 January 2021 a total of 921 companies, mostly restaurants, fitness centres and accommodation facilities, had joined the initiative. Moreover, on 22 December 2020 the 'Chcípl PES' initiative submitted its 'Petition for a Normal World - we will open Czechia', which called on the government to immediately lift the closure of hotels, restaurants, fitness centres and other closed businesses and to stop investing public money in supporting (to an insufficient extent) closed businesses and to concentrate on protecting at-risk groups of the population (the elderly, the chronically ill, etc.).

The 'Chcípl PES' initiative was followed by another similar initiative known as 'Rakev za Krkonoše' (Coffin for Krkonoše), which is attempting to draw attention to entrepreneurs that operate in the Krkonoše Mountains. The closure of accommodation facilities, restaurants, ski slopes and ski lifts is leading to the severe disruption of the winter season. This initiative has also been involved in spreading awareness of the 'Petition for a Normal World - we will open Czechia'.

ⁱ Eurofound (2020), [COVID-Accommodation services subsidies](#), case CZ-2020-37/1260 (measures in Czechia), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱ Eurofound (2020), [COVID Spa: vouchers for spa treatments to support the tourism industry](#), case CZ-2020-34/975 (measures in Czechia), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱⁱ Eurofound (2020), [COVID-Culture programme: Support for companies and workers in arts and culture](#), case CZ-2020-34/1315 (measures in Czechia), COVID-19 EU PolicyWatch, Dublin.

^{iv} Eurofound (2020), [Compensation bonus for self-employed and certain shareholders](#), case CZ-2020-11/285 (measures in Czechia), COVID-19 EU PolicyWatch, Dublin.

^v Eurofound (2020), [Care allowance in crisis - during the second wave of COVID-19 pandemic](#), case CZ-2020-42/1383 (measures in Czechia), COVID-19 EU PolicyWatch, Dublin.

^{vi} Eurofound (2021), [COVID – Gastro – Closed establishments support programme](#), case CZ-2021-3/1648 (measures in Czechia), COVID-19 EU PolicyWatch, Dublin,

^{vii} Eurofound (2020), [COVID-Rent support for entrepreneurs](#), case CZ-2020-26/942 (measures in Czechia), COVID-19 EU PolicyWatch, Dublin.

^{viii} Eurofound (2020), [Compensation bonus for self-employed and certain shareholders](#), case CZ-2020-11/285 (measures in Czechia), COVID-19 EU PolicyWatch, Dublin.

How COVID-19 accelerated and disrupted working life policies and impacted social dialogue

Accelerated developments

The COVID-19 pandemic has accelerated the development of digitalisation, automation and robotisation. According to the SP ČR (SP ČR, 2020b), experience gained from the crisis has initiated discussions in many companies on further investment in digitalisation, since new digital technologies allow not only for remote working but are also being applied to e.g. the provision of customer services and the maintenance of machinery.

Home office working, which is closely related to digitalisation, has been recommended by the government several times during the epidemic wherever the nature of the work allows, concerning which many companies were forced to react very quickly and to provide the necessary technologies. According to a number of legal opinions, however, the legal regulation of remote working has still not been resolved, especially with respect to health and safety at work issues; despite the government recommending home office working, it has not yet managed to resolve legislation in this area.

Disrupted developments

The anti-epidemic measures have affected and continue to affect regional and local developments in particular. Many towns and municipalities have announced that they will have to reduce their spending on investment and other activities e. g. cultural projects, in 2021 since they have been deprived of certain sources of income (especially from corporate taxes) due to the pandemic.

A further unresolved problem concerns a lack of workers. Before the COVID-19 pandemic, the Czech labour market had faced labour shortages since around 2016; however, despite considerable efforts (labour migration programmes), it has not been satisfactorily resolved. In the first quarter of 2020, i.e. before the outbreak of the pandemic, the unemployment rate was just 2.0%. In spring, during the first wave of the pandemic, it was expected that the economic downturn due to the introduction of anti-epidemic measures would increase the unemployment rate and, at least partially, restore the labour market balance. However, this did not happen; the unemployment rate in the third quarter of 2020 stood at just 2.9%. The persistently low unemployment rate is the result of several factors - some migrant workers (legal and illegal) have returned to their home countries and many sectors have been affected by forced quarantine and the incapacity of employees; moreover, the government's Antivirus retention programme, which has acted to maintain workforce levels in companies, has played a major role in this respect.

Thus, the shortage of workers persisted during the summer and autumn, e. g. in the construction and agriculture sectors, despite some workers from the most affected sectors (HORECA, culture) moving at least temporarily to other sectors (Dušková, Solaříková, 2020).

The most serious lack of workers concerns the health and social services sectors. This is a long-term problem, which has been highlighted during the pandemic. A press release on 29 September 2020 from the Trade Union of Doctors in the Czech Republic (Lékařský odborový klub - Svaz českých lékařů, LOK-SČL) and Trade Union of Health Service and Social Care in the Czech Republic (Odborový svaz zdravotnictví a sociální péče České republiky, OSZSP ČR) stated, *inter alia*, that 'although the problem

of the shortage of medical staff is long-term, no government has responded via a conceptual approach.’ In addition, on 15 October 2020, the President of the Czech Medical Chamber (Česká lékařská komora, ČLK) called on Czech doctors working abroad to return to the Czech Republic at least temporarily to assist their colleagues in Czech hospitals (ČLK, 2020).

Impacts on the social dialogue and collective bargaining

The COVID-19 pandemic has, naturally, affected social dialogue and collective bargaining since the anti-epidemic measures and compensation programmes have comprised the main topics of formal (tripartite) and informal negotiations between the government and social partners.

Tripartite negotiations have been held regularly despite the imposition of anti-epidemic measures. The first tripartite meeting of 2020, scheduled for 2 March 2020, was postponed due to the pandemic to 25 May 2020 when it was held in the form of a video conference (for the first time). Subsequent tripartite meetings continued on a regular basis, some in the form of videoconferences according to the epidemiological situation. The tripartite meetings naturally discussed the anti-epidemic measures and compensation programmes, including relevant comments from the social partners.

The COVID-19 pandemic has not yet exerted a significant influence on collective bargainingⁱ. Most collective agreements for 2020 were concluded before the outbreak of the pandemic. In the most affected sectors, however, the collective bargaining situation has worsened – companies with Czech Moravian Trade Union of Catering, Hotels and Tourism (Českomoravský odborový svaz pohostinství, hotelů a cestovního ruchu, ČMOS PHČR) and Unie orchestrálních hudebníků České republiky (UNIE – Professional and Trade Union of Orchestral Musicians representation, UNIE OH ČR), and the respective unions expect that many companies will not conclude CLCAs at all in 2021.

However, the unions were appreciative of the fact that even in the face of an economic downturn, the government raised the minimum wage for 2021 – a factor that some unions expect will simplify collective bargaining for 2021.

ⁱ The focus of collective bargaining in the Czech Republic concerns the corporate level. Company level collective agreements are not registered and the parties concerned are not required to publish them. Thus, no summary information is available on the number of CLCAs, their content, the period for which they are concluded, etc. The only analytical material in this connection comprises the annual Report on collective bargaining at higher level and company level, published by the largest trade union confederation, ČMKOS. However, this report includes only those CAs concluded by ČMKOS member unions. The Report summarises collective bargaining over the past year and is discussed at the ČMKOS assembly meeting. The authors of this Working Paper have drawn on information from this report.

Other important policy developments

None.

Labour disputes in the context of the pandemic

The COVID-19 pandemic has not yet exerted a significant influence on number of labour disputes (see table 2).

Strikes and strike alerts are regularly monitored only by ČMKOS, the largest trade union confederation in Czechia. Data from ČMKOS cover industrial actions within ČMKOS only; from the point of view of the whole Czech Republic, aggregate numbers of industrial actions are not available.

Table 2: Labour disputes in 2019-2020

Type of labour disputes	2018	2019	2020
Number of strikes in terms of concluding HLCA	0	0	0
Number of strikes in terms of concluding CLCA	0	0	0
Number of strike alerts in terms of concluding HLCA	1	0	0
Number of strike alerts in terms of concluding CLCA	10	8	2
Collective disputes settled through mediator in terms of concluding HLCA	3	2	1
Collective disputes settled through mediator in terms of concluding CLCA	28	17	18
Collective disputes settled through arbiter in terms of concluding HLCA	0	0	0
Collective disputes settled through arbiter in terms of concluding CLCA	0	0	0

Note: Data cover ČMKOS members only.

Source: ČMKOS, 2018, ČMKOS, 2019, ČMKOS, 2020a

Major developments in working time regulation as a result of the pandemic

Legislation on working time

No legislative changes in the area of working time took place as a result of the COVID-19 pandemic. Several changes, which came into force on 1 January 2021, are the result of a long-prepared amendment to the Labour Code, which is not an immediate response to the pandemic.

These are mainly changes in the regulation of annual leaves (leave is now determined in hours instead of days, in certain cases it is possible to carry over part of the holiday to the following year, the sanction of reduced leave for unexcused absence has been mitigated, the reduction of leave due to obstacles at work – including a quarantine – has been abolished, it is possible to transfer untaken leave between an existing and a new employer, and a week of paid leave has been introduced for employees participating in camps or other similar events for children and young people as instructors) and a legal framework for the introduction of job sharing.

Collective bargaining on working time

Collective bargaining didn't focus on working time in 2020 and it can even be said that the issue was pushed into the background by the pandemic.

Only the institute of so-called partial unemployment (a situation where the employer cannot assign work to employees in the extent of weekly working hours due to temporarily reduced sales of its products or limited demand for its services – see Article 209 of Act No. 262/2006 Coll., the Labour Code) came to the forefront of interest. The subject of collective bargaining was then mainly the amount of wage compensation in the situation of partial unemployment, while the unions tried to negotiate this compensation higher than the statutory 60% of average earnings. For example, trade unions operating in companies associated in the Non-Railway Republic Committee (Nedrážní republikový výbor, NeRV) of the Trade Union of Railway Workers (Odborové sdružení železničářů, OSŽ) managed to negotiate compensation of wages in the amount of 70-80% of average earnings (Mareš, 2021).

Ongoing debates on working time

Working time was not a major policy issue in 2020. The debate over the reduction of the working week to 37.5 hours, which had taken place in the previous period, was completely interrupted by events related to the COVID-19 pandemic. Also, the discussion of the proposal to extend the basic annual leave entitlement from 4 to 5 weeks has been delayed and at the moment it is not expected that the relevant amendment to the Labour Code – if approved – will take effect before 1 January 2022.

Impacts of the crisis on wages and wage setting

Despite the unfavourable situation on the labour market, average wages in the third quarter of 2020 showed a year-on-year increase of 5.1% to CZK 35,402 (€1,354). The average real wage increased by 1.7% year on year. The median wage, which amounted to CZK 31,183 (€1,192) in Q3, also increased by 5.1% year on year (6.7% for women and 3.7% for men). Wages grew nominally in all sectors except financial and insurance activities. They increased most significantly in health and social care (by 11.8%), where there was both an increase in tariff wages and the payment of above-standard bonuses. Wages also rose considerably in the administrative and support service activities; however, the ČSÚ attributes this development to the massive redundancies in this sector, which mainly affected employees with below-average wages. The development of wages in Q3 follows the trend evident in the Czech Republic in previous years. In Q2, on the other hand, average nominal wages increased by only 0.6% (ČSÚ, 2020e).

However, analysts estimate that the second wave of the pandemic will be reflected in further wage developments and that their growth will be lower in the coming period. In addition, with regard to inflation hovering around 3%, they agree that real wages will stagnate or even fall in annual terms in 2020 (Aktuálně.cz, 2020).

In order to maintain the standard of living and purchasing power of the population, the government has introduced a number of measures to compensate for loss of income, in particular care allowances (in case of illness or closures of schools and childcare facilities), compensation of quarantined persons' wages, contributions on wages for establishments that had to interrupt or reduce their operation, etc. (see above). The minimum wage has increased from 1 January 2021 from CZK 14,600 (€ 558) to CZK 15,200 (€ 581) but the increase of 4% has been relatively moderate compared to previous years (in 2020 and 2019 it increased by 9%, in 2018 and 2017 by 11%). The government also approved a 10% increase in salaries in health and social care and a 4% increase in regional education from 1 January 2021. However, the growth in the educational sector is lower than originally expected by social partners.

A significant change was brought about by the so-called tax package, which was approved on 22 December 2020 and which changes, among other things, the calculation of personal income tax. Newly, the income tax will be levied only on gross wages, not on super-gross wages, which, in addition to gross wages, also included insurance premiums paid by the employer. This will reduce the tax rate from today's 20.1% to about 15%, thus increasing the net wages of employees. However, neither employers nor trade unions identify with the measure due to the heavy burden on public finances. Employers, represented by the SP ČR, are afraid that the lost state budget revenues will need to be compensated by an additional tax burden on companies (Čížek, Štípek, 2020). The unions, on the other hand, believe that the reduction of the tax burden will de facto slow down or halt the growth of nominal wages, or even reduce them (net wages will grow or keep their level without the nominal wage having to be increased), and increase household spending, as the state will no longer be able to provide some public services (ČMKOS, 2020b). Social partners operating in the field of culture consider the decline in public budget revenues to be destructive for them, as culture is dependent on public budgets and usually pays for the need to reduce expenditures (Unie zaměstnavatelských svazů ČR, 2020). Given that the measure is planned to be transitional for a period of two years, unions are also

concerned that a renewed tax increase will reduce real net wages for employees. They therefore demand that the measure be repealed (ČMKOS, 2020b).

The percentage of company level collective agreements that regulate wage development slightly decreased in 2020 (from 72.8% in 2019 to 69.2%). However, the main impact of the coronavirus crisis on collective bargaining is expected only in collective agreements for 2021. Despite current developments, the ČMKOS recommends that its members negotiate an increase in the average nominal wage in the business sphere of at least 6-7% and wants to promote even higher growth in the public sector, especially for medical and pedagogical staff. As early as 2020, however, some trade unions in the most affected sectors reported wage freezes and non-provision of variable wage components. It is already clear, then, that negotiating wages for 2021 will be particularly difficult (cf. ČMKOS, 2020a).

What is new in working life in the country?

It is likely that some of the changes that have occurred in the world of work in connection with the COVID-19 pandemic are of a long-term nature and will become a common part of the practice even after the pandemic subsides. In particular, expanding the possibilities of working from home and significantly accelerating the process of digitization will continue to affect the working lives of individuals.

A survey by the SP ČR, which mapped how companies are implementing elements of Industry 4.0, showed that 60% of companies surveyed admit that the experience of the crisis will make them invest more in Industry 4.0 technologies and 49% of companies plan to increase investment in this area within the next five years. Thanks to the pandemic, some companies have started to make more use of augmented reality (Stuchlík, 2020).

According to a LMC survey, a third of companies plan more frequent home offices due to the pandemic. The proportion of employees who have the opportunity to work from home increased from about a fifth to about a third during the pandemic. It turned out that many activities can (at least sometimes) be performed online. This is important, for example, in online education, which, according to the LMC survey, a quarter of companies want to use more, or in virtual meetings (LMC, 2020).

Working from home brings with it the need for a new approach to work organization and working time (employee performance is no longer judged on the basis of hours worked, but on the basis of work results) and transfers more responsibility to the employees themselves. According to the LMC, 96% of workers appreciate the higher level of work autonomy gained as a result of the pandemic. Given that the new way of working is also appreciated by two thirds of managers, it can be assumed that companies will not want to fully return to the established habits and will want to use the potential of distance work in the future (LMC, 2020). Managers' concerns about the low work ethic of employees working from home, which have so far hindered the introduction of distance work in many companies, have not been confirmed and increased use of home offices has been shown to increase companies' resilience to emergencies and crises (cf. Lodl, 2020). In addition, companies see more widespread work from home as an opportunity to reduce operating costs, as they can do without large office space and use, for example, shared working places (cf. Bajgar, Janský and Šedivý, 2020).

It has also been shown that the transfer of services to the online environment does not necessarily mean job losses, and on the contrary raises the need for additional jobs in new fields (LMC, 2020). E.g. the work of couriers experienced a boom during the pandemic with the expansion of online shopping. This can be expected to be a trend that will continue to some extent after the end of the pandemic (cf. Glaserová, 2020).

It is possible that safety rules introduced in connection with the COVID-19 pandemic will also become a common part of working life, e.g. when arranging workspaces (distances between workplaces), disinfecting common areas, health tests, etc. Temperature measurements on arrival has been introduced e.g. by Škoda, Amazon or Starbucks, i.e. large companies in which a possible outbreak of the infection would result in immense losses (LMC, 2020).

Uncertainty about future developments has also temporarily changed the behaviour of people and companies in the labour market. Concerns about a possible rise in unemployment were reflected, for example, in growing loyalty to current employers and a decline in employees' interest in job changes.

As a survey of candidate preferences of the Grafton Recruitment agency showed, three quarters of Czech employees were satisfied with their work in 2020 and the share of people who see shortcomings in their jobs has decreased: for example, in 2019 41% of respondents minded the impossibility of career advancement, while in 2020 it was only 27% of them. The pressure on wage increases also eased. Companies, on the other hand, prefer to hire temporary workers to fill vacancies, and people respond more to temporary offers than usual (Keményová, 2020; Glaserová, 2020).

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