



Industrial relations and social dialogue
**Czechia: Developments in
working life 2022**

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Introduction

Czech economy was in 2022 strongly affected by the galloping inflation caused by the energy crisis. Although the Czech government formed at the end of 2021 had planned to introduce restrictive fiscal policy to stabilize an increasing public debt caused mostly by the COVID-19 measures in 2020 and 2021, the conflict in Ukraine led again to the fiscal expansion. Thus, the consolidation of public finance remained relatively small in 2022. Although fiscal policy of the Czech government was supportive, it was also a subject to criticism from variety of actors, social partners included. Both trade unions and employers considered government measures against growth in energy prices as insufficient.

Despite of this development, unemployment is still a marginal issue and many employers still faced labour force shortages. Although immigration to Czechia in the first half of 2022 was fundamentally affected by the unprecedented influx of immigrants from Ukraine in response to the breakout of the conflict with Russia, no pressure on the labour market has occurred. Almost 160,000 Ukrainian citizens with temporary protection secured employment in Czechia and over 98,000 were still working in the Czech Republic at the end of November 2022.

Political context

In 2022, the coalition SPOLU has been in power for one year. This coalition, which won elections to the Chamber of Deputies of the Parliament of the Czech Republic (Poslanecká sněmovna Parlamentu České republiky, PSP ČR) in 2021, has been formed by five centre-right political parties: Civic Democratic Party (Občanská demokratická strana, ODS), the Christian and Democratic Union – Czechoslovak People's Party (Křesťanská a demokratická unie – Československá strana lidová, KDU-ČSL), TOP09, Czech Pirate Party (Česká pirátská strana, Piráti) and Mayors and Independents (Starostové a nezávislí, STAN). As the centre-right government, it has aimed to implement cuts in public finances, which deficit increased on 5.9% of GDP in 2021 (in 2019, before COVID-19 pandemic, it was only 0.6% of GDP). However, unexpected growth of prices of energies and high inflation rate have required compensations to the households with low income to avoid the risk of poverty. In spite of that, fiscal policy was considered as restrictive in 2021.

Although the government has introduced one-time child benefit, state allowance for energy and an increase in household allowance, the opposition and trade unions have criticized this support as insufficient. As a result, trade unions organised 8 October 2022 in Prague a demonstration 'Against poverty' (Proti chudobě).

On 23 and 24 September 2022, municipal elections and senate elections for one-third of senators were held. As usual, municipal elections were won mostly by independent candidates from local movements and associations. Senate elections were won by the SPOLU coalition (20 out of 27 senators elected).

Actors, institutions and processes

Social partners

No changes in social partners organisations or in their representativeness took place in 2021. The trend in the membership base continues, while the number of employers' associations members remains stable or is slightly increasing (depending on the sector), membership base of trade unions is decreasing. The three largest peak-level trade union confederations organize about 400,000 members, however, no precise numbers are available as trade unions are not obliged to publish data on their membership. Thus, only a rough estimation is available.

Social dialogue bodies or frameworks

No changes.

Other working life related institutions

No changes.

Governmental responses to inflation

The average annual inflation rate in 2022 was 15.1% (Czech Statistical Office, 2023). The government responded to the increase in prices during the year by launching the Umbrella Against Dearthness (Deštník proti drahotě) programme, which included the aforementioned one-time allowance for a child and a state allowance for energy, including the remission of fees for subsidized energy sources (POZE). Already existing benefits such as housing allowance, housing supplement, and allowance in material needs have also become part of the program. The assignment of mentioned benefits, particularly housing allowance, takes into account the income situation of the applicant as well as the amount of the housing and energy costs.

One-time child benefitⁱ is intended to help parents cope with soaring inflation, rising food prices, energy, fuel, and school or childcare expenses. The purpose of the contribution was also an immediate reaction of the state, which wanted to create a time-space for evaluating and reacting to the complex impact of the energy crisis in particular. The benefit is also intended for foreigners with permanent and long-term residence in Czechia and Ukrainian refugees have been granted so-called supplementary protection.

State allowance for energy and waived taxes for renewable energiesⁱⁱ was introduced due to disproportionately rising costs. The contribution takes the form of a subsidy from the state budget for energy suppliers. Based on the state's contribution to the given household, the energy supplier reduced the electricity, gas, and heat prices. The subsidy was reflected for the first time in payments for October 2022. At the same time was applied the waiver of the fee for renewable sources, which is part of the price of electricity and amounts to CZK 495 (€20) for each megawatt hour of electricity. The government also introduced an increase in household allowance.ⁱⁱⁱ

ⁱ Eurofound (2022), [One-time child benefit](#), case CZ-2022-32/2801 (measures in Czechia), EU PolicyWatch, Dublin.

ⁱⁱ Eurofound (2022), [State allowance for energy and waived taxes for renewable energies](#), case CZ-2022-40_2788 (measures in Czechia), EU PolicyWatch, Dublin.

ⁱⁱⁱ Eurofound (2022), [Allowance to cover elevated monthly housing costs for low-income households](#), case CZ-1995-40/2222 (measures in Czechia), EU PolicyWatch, Dublin.

Collective bargaining and inflation

How inflation features in wage negotiations

In the third quarter of 2022 the average nominal wage increased by 6.1% (year-on-year). In real terms, it was a wage decrease of 9.8%, the same wage decrease as in the second quarter of 2022 (in the first quarter of 2022 the real wage decrease was 'only' 3.5%). Wage development varied significantly between sectors. In no sector the average nominal wage growth exceeded the inflation rate in the third quarter of 2022, with the lowest average real wage growth in sectors mostly publicly financed: in the health and social care sector with a real average wage decrease of 14.5% (year-on-year), in public administration and defence (14.2% decrease) and in education (13.2% decrease). Culture (10.7%) and agriculture, forestry and fishing (10.1%) experienced a decrease of more than 10% in the real average wage.

In 2022, there were 16 higher-level collective agreements (HLCAs) concluded (17 in 2021). Eleven of them contained provisions on wage growth, however, in a different way. Some HLCAs deal with the percentage increase of nominal or real wage, others with keeping real wage stable. In five HLCAs there are no negotiations on wages, however, with the possibility to make an agreement at the company level.

There is no register of company-level collective agreements (CLCAs) in Czechia, the only institution monitoring the number of CLCAs is the largest peak-level trade union organisation Czech-Moravian Confederation of Trade Unions (Českomoravská konfederace odborových svazů, ČMKOS). Its members concluded in 2022 3,611 CLCAs (in comparison with 3,546 in 2021). We assume that the number of CAs is stable.

In 71% of concluded CLCAs there were provisions on wages, similar to those in HLCAs. According to ČMKOS (2022), the provisions on wages in CLCAs copy the economic situation, with the decreasing number of CLCAs with wage provision in less stable economic conditions (as in 2010–2013 and then in 2020–2021) and increasing number of CLCAs with wage provision in good economic situation (2014–2019) and inflation growth (2020–2022). However, the wage growth included in collective agreements do not necessarily copy the inflation growth: due to the low inflation rate in previous years social partners stopped to use inflation clauses in CAs.

The situation is probably worst in the health and social care and education sector, as the government, which introduced a restrictive fiscal policy to stabilize public finance, is not willing to increase wages to the level corresponding to the inflation rate. Institutions in these sectors are mainly financed from public budgets and this approach complicates the personnel situation in sectors that have been understaffed for a long time.

Examples of recent responses

The Ukraine war and energy crisis has affected many households and companies. The government introduced several support measures for both, however, according to trade unions and also according to employers' associations (SP ČR, 2022b), these measures are insufficient and late coming. Since spring 2022, SP ČR has appealed on government to introduce support measure for companies to deal with increasing prices of energy. In autumn 2022, the government had set price

ceilings on energy that apply to households and small companies. Large companies are eligible for this support since January 2023. Although late, SP ČR welcomed this measure.

ČMKOS on 5 September 2022 organised its annual meeting, where the chairperson of ČMKOS, Josef Středula, appealed to government to provide better support for households and companies affected by the inflation, and presented measures which could help in the fight against inflation: price regulation, valorisation of social benefits, new specific measures for companies to deal with energy prices, taxes for extraordinary profits etc. A recommendation for collective bargaining for 2023 was also presented: ČMKOS members should in CAs insist on maintaining the real purchasing power of wages and using the inflation clauses, if possible.

On 8 October 2022 ČMKOS in Prague organised a demonstration 'Against poverty' (Proti chudobě). The demonstration was supported not only by ČMKOS members, but also by members of other trade union confederations, independent trade unions and citizens associations. On the demonstration there were again presented demands on the government, including the regulation of prices, maintaining of real purchasing power of wages in public sector and the increase of minimum wage to CZK 18,200 (€728 approximately) per month (since 1 January 2023, there has been an increase of minimum wage to CZK 17,300 (€692 approximately)). The attendance was in the thousands, it is supposed that trade unions expected more people (Soukup, 2022).

In spite of these actions, the number of strikes, strike alerts and other industrial actions remains at the similar level as in previous years.

Developments in working time

Changes to legislation

In June 2022, Czech Parliament approved an act No. 2016/2022 Coll., proposed by the Ministry of Labour and Social Affairs of the Czech Republic (Ministerstvo práce a sociálních věcí České republiky, MPSV ČR), which favours part-time work for certain groups of workers. The law introduces a social insurance relief for employers who employ workers older than 55, workers with disabilities, students, workers caring for a child under 10 or another dependent person, or recent graduates of retraining, in the range of 8 to 30 hours per week. The relief is deducted from the social insurance paid by the employer, in the amount of 5% of the employee's assessment base, and employers may use it from 1 February 2023. The aim of the measure is to involve those groups of people who remain economically inactive due to the limited supply of part-time work in Czechia (especially mothers of young children and people in retirement age) in the labour market.

Additionally, the MPSV ČR has prepared a government regulation that will allow Kurzarbeit (short-time work with a state wage subsidy) in the event that it is necessary to regulate gas supply to businesses due to the lack of gas. It is estimated that in the event of a more significant reduction in supplies, the subsidy could concern about 400,000 employees. The tripartite body Council of Economic and Social Agreement (Rada hospodářské a sociální dohody, RHSD) called on the government to start Kurzarbeit already in the spring of 2022 to mitigate the effects of the war in Ukraine and the rise in prices, but the proposal was not prepared until the end of the year and only concerns the restriction of gas supplies. General short-time work rules were implemented in the Czech legislation in July 2021, but the government has not yet used it. To launch it, the RHSD must first agree, the government must then prepare the relevant draft regulation that specifies, which companies are eligible for support, and the proposal must then be approved by the European Commission.

Bargaining outcomes

According MPSV (2022) the length of working hours was negotiated in 90.4% of collective agreements concluded in 2022. The average length of working hours negotiated in CAs (without distinction of working regime) was 38 hours per week. Flexible organization of working hours was an object of 29.9% of collective agreements and an increase of holiday entitlement was negotiated in 89.6% of collective agreements, most often by extending it by one week (78% of CAs). While overtime must not exceed 8 hours a week on average by the legislation, 67.1% of CAs extended the period, based on which the average is computed (to 50.2 weeks) and 42.2% of CAs regulated the conditions of uneven organization of working hours. The negotiated compensatory period is a period in which, in case of uneven organization of working hours, the average weekly working time must not exceed the normal weekly working time, averaged 48.2 weeks (MPSV, 2022).

Debates on duration and organisation

In the context of coping with the impacts of the COVID-19 pandemic, the war in Ukraine and the related influx of refugees, rising prices and the crisis situation on the energy market, and the Czech

presidency of the Council of the EU, working time was not at the forefront of public discussion or debates of social partners and policymakers in 2022.

Labour market shortages and social partners

Despite the war in Ukraine and increasing prices on the energy market, the rate of unemployment remained low in 2022. Since around 2016, the Czech labour market has faced labour shortages and despite considerable efforts mostly by governmental labour migration programmes, according to the employers, the lack of labour force has not been satisfactorily resolved. In the third quarter of 2022, the rate of unemployment was 2.3% (in comparison with 2.7% in the third quarter of 2021), the rate of economic activity was 60.1% (in comparison with 60.2% in the third quarter of 2021). The persistently low unemployment rate in Czechia is mostly a result of population ageing. With more frequent valorisation of pensions there is also an increasing number of early retired pensioners: in September 2022 the number of early retired pensioners on the total number of pensioners with old age pension was 28.6% (in comparison with 22.2% in September 2012). This trend is also reported by employers: according to the survey among member companies of Confederation of Industry of the Czech Republic (Svaz průmyslu a dopravy České republiky, SP ČR), 39% of companies face to an increasing interest of employees in early retirement (SP ČR, 2022b).

Although analysts expect the rate of unemployment to grow in 2023 since many companies are not able to deal with high energy prices and plan to reduce the production, no sharp increase in unemployment is expected. In some sectors and professions the demand for labour is still higher than the supply. This is in particular obvious in manufacturing and construction. According to the survey mentioned above, only 10% of companies plan to dismiss employees in the first half of 2023, mostly in energy-intensive sectors like the metal industry. On the contrary, 34% of companies plan to hire new employees in the first half of 2023.

In November 2022, according to the Labour Office there were in total 291,968 job vacancies and only 257,187 job applicants registered by the Labour Office, with the labour shortage of 34,781 employees (in comparison with 99,289 in November 2021). The most significant shortages are described in Table 1, following the ISCO classification.

Table 1: Main shortage occupation and scale

ISCO Group	Job applicants	Job vacancies	Labour shortage
8 - Plant and Machine Operators and Assemblers	25,703	91,094	65,391
7 - Craft and Related Trades Workers	22,228	64,707	42,479
2 - Professionals	14,842	18,558	3,716

Note: As of November 2022. Job applicants and job vacancies reported by the Labour Office only.

Source: Labour Office

The labour market situation has also been complicated by the Ukrainian war. Many Ukrainian workers (both legal and illegal), mostly men performing hard physical work in construction and industry, have returned to Ukraine to join the war. Ukrainian refugees are mostly women and children. All refugees from Ukraine are granted Temporary Protection Visas with access to the Czech labour market and are allowed to register as jobseekers at the Labour Office. Czech employers are ready to employ the refugees, however, not all skill and educational profiles of Ukrainian refugees match the requirements of employers. Language barriers also complicate the integration of

Ukrainian refugees to the Czech labour market. Thus, employers appeal to the government to support retraining and language courses for refugees (SP ČR, 2022a).

The Chamber of Commerce of the Czech Republic (Hospodářská komora České republiky, HK ČR) also appeals to the government to better support labour migration from third countries. In Economic migration programs first introduced in 2016, the government has simplified the administrative processes for employers hiring qualified employees in third countries. However, the quotas for the number of employees are according to the Chamber of Commerce not sufficient, especially with the termination of the programs for potential employees from Belarus and Ukraine at the beginning of 2022. Chamber of Commerce appeals to the government to increase the quotas for employees from other third countries besides Belarus and Ukraine.

Other important policy developments

Employment status and contracts

There were no major changes in the legislation concerning the employment status in 2022. Status of the employee is defined by the Act No. 262/2006 Coll., Labour Code. People working full time and on unlimited contracts still prevail (89.2% of the total of employed in the second quarter of 2022).

Employment in the economy by type and duration of contract see in Table 2.

Table 2: Employment in the economy by type and duration of contract, Q2 2022

Employed in the economy	Employed in total	Length of working time per working period	
		Full time	Part time
In total	5,160,200	4,789,100	371,000
Out of it: fixed time contract	295,700	182,300	113,400
Unlimited contract	4,862,100	4,605,200	256,900

Source: Labour survey, Czech Statistical Office

Self-employed

Two important legislative conditions for self-employed were changed in 2022.

In 2022 a legislation regulating registration of sales (elektronická registrace tržeb, EET) was prepared. On 28 December 2022 the Act No. 458/2022 Coll. repealing Act No. 112/2016 Coll., on the registration of sales, as amended, and amending and repealing other related legislation was approved by the Czech Parliament. This Act came into force on 1 January 2023 and this legislation no longer provides operating EET system by the Financial Administration. Entrepreneurs (self-employed) are not obliged to electronically register their sales.

The abolition of the EET has some specific implications for the self-employed, including:

- partial relief from administration.
- elimination of costs associated with EET - mainly the purchase of cash register equipment, its updating and internet connection (the total minimum cost of its operation for an entrepreneur used to be about CZK 3,000 per year (€126)).
- The obligation to record cash payments remains.

On 2 December 2022 an amendment to the Act No. 366/2022 Coll., which increases the limit for compulsory registration of VAT payers, was published. In connection with this change, other amendments were adopted. Most of the changes will take effect from 1 January 2023. Specifically, the turnover threshold for compulsory registration of VAT payers until 31 December 2022 was CZK 1,000,000 (€40,000 approximately) for 12 consecutive months. The law newly increases the limit to CZK 2,000,000 (€80,000 approximately).

The main advantage for the self-employed is the possibility to opt out of VAT on annual turnover up to two million crowns. The condition for using the flat-rate tax, i.e., paying taxes, social security, and health insurance in one regular monthly amount without tax returns and without insurance reports,

will also increase to double the amount of two million from 2023. The aim is therefore administrative simplification for the smaller self-employed while taking into account also the currently high inflation.

Wage setting

The minimum wage has been increasing every year since 2015. The basic rate of the minimum wage for a weekly working time of 40 hours was from 1 January 2022 CZK 16,200 (€660) per month or CZK 96.40 (€3.9) per hour. The minimum wage in 2022 increased by approximately 6.6% of a monthly wage of CZK 15,200 (€593) and an hourly wage of CZK 90.50 (€3.5) in 2021.¹ In organizations in which wages were not agreed in the collective agreement, in addition to the minimum wage, 8 levels of the so-called guaranteed wage apply. These levels are graded according to the complexity, responsibility, and effort of the work performed. The guaranteed wage in the first lowest level is the same as the amount of the minimum wage.

Gender pay gap

In 2021 the Czech Government has adopted the Gender Equality Strategy for years 2021-2030. On 21 December 2022, the government also approved the Gender Equal Pay Action Plan for the years 2023-2026. The action plan is aimed at initiating processes to reduce the gender pay gap in Czechia and in particular to promote transparency in remuneration systems. This is the first time when the Czech government has committed to addressing the gender pay gap in a separate governmental document. This Action Plan was prepared by MPSV ČR in cooperation with the Department of Gender Equality of the Government Office. The document is a follow-up to the aforementioned Gender Equality Strategy 2021-2030.

Health and safety

Important legislative regulation in the field of occupational health and safety is the amendment of 452/2022 Coll. Decree No. 79/2013 Coll., on occupational medical services and certain types of assessment care. This amendment came into effect on 1 January 2023. The amendment brought significant changes to the area of work-medical services, especially to the area of medical examinations.

The biggest change is the implementation of periodic medical inspections 'on a voluntary basis' in the case of occupational risk categories one and two. Periodic medical inspection of employees performing work classified on the basis of risk according to the Act No. 258/2000 Coll., on the Protection of Public Health in category one and category two is carried out only if the employer or the employee requires it (Bozpinfo, 2023; Kučerová, 2023).

Work–life balance

By the beginning of August 2022, Czechia should have transposed into its legal system the measures resulting from two directives of the European Parliament and the Council (EU), namely Directive 2019/1152 on transparent and predictable working conditions in the European Union and Directive

¹ Average EUR/CZK exchange rate of the Czech National Bank for 2021 and 2022.

2019/1158 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU. The transposition should have been carried out primarily through an amendment to the Labour Code and related legislation, such as Act No. 251/2005 Coll., on Labour Inspection, as amended. In this respect, the proposed amendment to the Labour Code focuses in particular on the regulation of remote work, working from home and the entitlement to flexible forms of work by parents of young children. However, transposition has still not taken place. The legislative process is currently in the comment phase and it is not possible to estimate when the amended legislation will enter into force. In addition, the above-mentioned proposal also contains some other matters that are not necessarily related to the transposition of European directives and on which there will certainly be a great deal of debate.

Lifelong learning and skills development

Czechia lacks a comprehensive strategy of lifelong learning. In 2020, Strategy for the Education Policy of the Czech Republic up to 2030 was approved. Whereas the Strategy contains a general vision about how to promote and support a lifelong learning, currently ongoing expert debate focuses on more specific actions and measures leading to the fulfilment of the given general goals. Expert debate should lead to the adoption of the document: The Long-term Plan for the Education and Development of the Educational System of the Czech Republic for the period 2023-2027. The preparation of an effective strategy for lifelong learning is perceived as quite essential by all stakeholders, as everyone is aware that adaptation to rapid changes and the needs of the labour market can only go this way. Following the signing of the Memorandum (February 2021) on joint action in promoting and building a partnership-led model of lifelong learning, intensive joint work by the employers' associations – SP ČR, Confederation of Employers' and Business Unions of the Czech Republic (Konfederace zaměstnavatelských a podnikatelských svazů, KZPS ČR), HK ČR and Agrarian Chamber of the Czech Republic (Agrární komora České republiky) – has begun on the document, which should further incorporate the opinions of the competent governmental bodies of the MPSV ČR, Ministry of Education, Youth and Sports of the Czech Republic (Ministerstvo školství, mládeže a tělovýchovy České republiky, MŠMT ČR) and trade unions. The concept of lifelong learning as was suggested by employers' organizations was one of the main topics of the tripartite meeting in January 2023 (Svoboda, 2023). It is proposed to establish a joint umbrella body structure for the coordination of projects, which would include the involvement of the state, employers and trade unions.

Working life of Ukrainian refugees

Employment and working conditions

Immigration to Czechia in the first half of 2022 was fundamentally affected by the unprecedented influx of immigrants from Ukraine from 24 February 2022 onwards in response to the breakout of the conflict with Russia. The structure and character of immigration has thus turned predominantly into temporary, humanitarian-based immigration with a predominance of women and mothers and a significant increase in income-dependent persons who comprise almost half of all foreigners from third countries. An unprecedented increase in the number of all registered Ukrainian citizens had been recorded by 30 June 2022 (i.e., including refugees); the total number of such persons increased by 382,947 to a total of 579,584 (an increase of 194.7%) during the half-year under review. At the end of the first half of the year, a total of 375,118 persons were registered in Czechia with residence permits granted in connection with the war in Ukraine. This development led to a change in the demographic structure of foreigners from third countries that resulted in the share of women increasing to more than half (their number more than doubled) due mainly to the representation of mothers without the presence of their husbands or male partners. The number of refugees from Ukraine registered in Czechia up to 18 January 2023 stood at 437,771 (MV ČR, 2023). In January 2023, a new amendment to Act No. 65/2022 Coll., the so-called Lex Ukraine IV, was approved, according to which, as part of the temporary protection system and with the aim of extending their stay in Czechia Republic, they were required to register online by 31 March 2023 at the latest. Further, refugees must then visit the residence office of the Ministry of the Interior of the Czech Republic (Ministerstvo vnitra České republiky, MV ČR) personally for the affixing of a visa to their travel documents. All persons who have been granted valid temporary protection in Czechia will be entitled to an extension of temporary protection. The temporary protection extension process will require, inter alia, applicants to provide documentation that proves the right to care for a child under the age of 18 for whom temporary protection is to be extended. The change in the registration procedure will also contribute to clarifying the actual status and number of refugees with temporary protection residing in Czechia.

In line with the high representation of women with children and the more frequent occurrence of short-term employment among the Ukrainian subpopulation generally (in the form of so-called agreements to complete a job and agreements to perform work), short-term employment is also common for refugees with temporary protection. Developments in this area are monitored continuously by the MPSV ČR.

According to information from the MPSV ČR, almost 160,000 Ukrainian citizens with temporary protection secured employment from the outbreak of the conflict in Ukraine up to the end of October 2022. Although some have already returned home or migrated elsewhere, over 98,000 Ukrainian citizens were still working in Czechia at the end of November 2022. Furthermore, according to the MoLSA, the number of employed Ukrainian refugees has followed a long-term increasing trend, while the number of recipients of humanitarian benefits has decreased steadily. The same trend is evident with respect to so-called solidarity allowances^{iv}, which compensate households for providing accommodation for refugees.

The conditions concerning the employment of persons fleeing the military conflict in Ukraine have been significantly simplified as a result of legislation introduced in 2022. The new legislation was adopted as a result of a decision of the Council of the European Union, which served to activate the so-called temporary protection regime, which automatically applies to all fleeing Ukrainian nationals and their family members, as well as foreigners who had Ukrainian permanent residence permits at the time of the conflict. Refugees from Ukraine who have been granted temporary protection have had free access to Czechia's labour market since the beginning of the conflict and, therefore, do not need to apply for a work permit. Ukrainians who have been issued with a special visa essentially have the same rights and obligations as citizens of Czechia Republic and foreigners who have been granted permanent residence in the Czechia in terms of employment. The only condition for the employment of Ukrainian citizens granted temporary protection comprises the notification of the employment contract to the Labour Office; the employer is obliged to inform the relevant regional branch of the Labour Office of the employment of such persons no later than on the day on which the refugee commences their employment. The employer is subsequently obliged to inform the Labour Office within 10 days of the termination of the employment of refugees or any changes in their employment relationship. In addition, according to the Act No. 435/2004 Coll., on employment, employers are obliged to maintain records and store data on employees according to Section 102, paragraph 2 of the Act. Employers are also obliged to keep copies of the documents that proved the foreigner's right to reside in Czechia for a period of 3 years from the end of the employment relationship. In terms of social security, Ukrainian citizens are subject to the same regulations as citizens of Czechia. In the event that Ukrainian citizens apply for a temporary protection visa, they become participants in the health insurance system at the time of the granting of such a visa. Their health insurance contributions are paid by the Czech Republic.

Social partner initiatives to support Ukrainian refugees

The issue of the conditions and state of the employment of refugees from Ukraine is monitored by all the social partners and discussed on a regular basis by the Inter-ministerial Body for the Combating of Illegal Employment. In addition, government departments provide support for the housing, language training, further education and work-related childcare requirements of refugees, as well as for the development of employment services. For example, employers are entitled to receive subsidies for employee training of up to 85% of the costs and subsidies for wages during the retraining of workers. In this case, the Labour Office is entitled to reimburse the employer up to 100% of the amount spent, including contributions to social and health insurance.

^{iv} Eurofound (2022), Solidarity subsidy for people accommodating Ukrainian refugees, measure CZ-2022-16/2224 (measures in Czechia), EU PolicyWatch, Dublin

Commentary and outlook

According to the Macroeconomic Forecast of Ministry of Finance of the Czech Republic, it is expected that Czech economy goes through a slight recession in the second half of the 2023 as the households continue to face the impact of high inflation, so their real consumption falls slightly. The average inflation rate of inflation could slow to 9.5% in 2023. Despite the expected recession and the generally weak economic dynamics in 2023, the unemployment rate should not increase much, from average of 2.5% in 2022 to 3.1% in 2023. Persistent labour market shortage will push up wage growth, however, due to the high inflation rate, real wages are expected to fall in 2023.

When it comes to labour shortages, the expected trends are different. On one hand, some economists expect the unemployment rate to growth to 5% in 2023. According to them, companies with energy-intensive operations won't be able to deal with high energy prices and will have to close. On the other hand, other economists expect the rate of unemployment to remain stable, as companies, even under worse economic conditions, keep qualified employees to avoid problems with recruitment in the future. Energy prices will play a significant role in the future development. It is uncertain how the discount on insurance premiums paid by employers for part-timers will contribute to higher employment of women with children, which is highly preferable by the Czech government. This measure is in force since February 2023 and may be used for caring for a child under 10, or other specific vulnerable groups.

The Czech Republic has still not transposed European Directive (EU) 2019/1158 on work-life balance for parents and carers and Directive (EU) 2019/1152 on transparent and predictable working conditions in the European Union. In this respect the Labour code must be significantly changed. In last negotiations among social partners and government in February 2023 a compromise version in the draft amendment has been reached and an agreement on joint action in the legislative process has been signed.

The amendment to the Labour Code should provide for more precise rules on the use of the home office. Specifically, it will guarantee the right to telework for employees caring for children under nine years of age, pregnant women and employees caring for dependants. The adjustment also introduces simplified minimum reimbursements for the most common costs that employees incur when working from home. However, the employer is not obliged to pay these reimbursements when the employee considers teleworking as a benefit. The length of a shift when working from home may not exceed 12 hours, even for employees who schedule their own working hours.

In the context of the predictability of working time, the regulation of the flexible contractual instruments in force in the Czech Republic, namely work agreements outside employment relationships, is changing. Until now, the employee in this regime scheduled his/her working time by himself/herself. Under the proposed amendment, it is employer's task, provided that the working time is known to the employee at least 3 days before the work is performed. Agreement workers will now have time off for personal obstacles to work and will be entitled to holiday.

As regards the social dialogue and relations between the social partners and the government, it can be expected that these relations will be affected by whether the government adopts further measures that would mitigate the impact of high energy prices on companies and households.

Especially trade unions expect the government to provide employees financed from public budgets with an increase in wages that corresponds to the rate of inflation.

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