

Ministry of Labour and Social Affairs

Employment Policy Strategy 2020

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1. Executive Summary

Employment Strategy Policy 2020 (the Employment Strategy) based is on the Employment Policy Concept 2013–2020 and its annexes (Employment Concept), which was approved in April 2013 at the meeting of the management of the Ministry of Labour and Social Affairs. It included an extensive analysis of the current state of the labour market, employment policy approaches, its efficiency and effectiveness, assessment of compliance with other policies and strategic documents, both at national and at European Union level. The Concept defined the basic groups of problems which will need to be addressed in the coming years in the field of employment, and outlined the basic employment policy priorities. The Strategy further elaborates these priorities into concrete policy measures.

The preparation of the Employment Strategy was greatly complicated by the need to rapidly redress the negative impact of certain actions of the former MLSA management in 2011 and 2012, in particular on the Labour Office as the main implementer of employment policy. The number of its workers was reduced, thereby reducing its ability to implement active employment policy, and the collapse of its information system led to an increase in MLSA spending.

The Employment Strategy constitutes a key guideline, which will allow the subsequent preparation of essential documents of the Ministry with different time horizons, such as:

- a) Operational Programme Employment 2020, which will constitute an essential tool for the implementation of employment policy in this period;
- b) Youth Guarantee programme for young people under the age of 25;
- c) underlying materials for the preparation of documents for effective cooperation between the MLSA and other ministries in addressing unemployment, increasing employment and employability;
- d) underlying materials of the Government and the MLSA concerning employment for the Council of Economic and Social Agreement;
- e) It will also make it possible to increase the consistence of employment policy with other policies within the competence of the Ministry, etc.

Employment Policy Strategy 2020 is developed as a Ministerial strategic document, and therefore focuses mainly on those measures which may directly affect the Ministry of Labour and Social Affairs, including its subordinate institutions. However, given the complexity of the labour market, the implementation of some measures also requires that other ministries provide cooperation and become partially responsible for the promotion of employment. In order for labour market measures to be really effective and for the labour market situation to see improvement in the coming years has, cooperation among Ministries is absolutely essential.

1.1 Identifying the main problems

The Employment Strategy identifies the problems of the Czech labour market and their causes, the main groups to be targeted by support measures and instruments of active and state employment policy in reducing unemployment, proposes measures to increase employment and employability of job seekers and persons interested in a job, and promotes adaptability of employers and employees. The Employment Strategy also respects the regional aspect of employment policy, increases the focus of employment policy measures on economically backward areas and on addressing the problems of groups of people on the margins of the labour market who are at risk of social exclusion.

The Employment Strategy has identified four main priorities:

- 1) Supporting the access to employment, mainly for groups at risk in the labour market
- 2) Promoting gender equality in the labour market
- 3) Promoting the adaptation of companies and employees to changing labour market needs;
- 4) Development of public employment services.

The Employment Strategy reflects the conclusions and objectives of the national strategic documents, such as the International Competitiveness Strategy of the Czech Republic 2012–2020, the Regional Development Strategy of the Czech Republic 2014–2020, Social Inclusion Strategy 2020, Government priorities and procedures in promoting equal opportunities for women and men, the National Reform Programme (particularly for 2013 and 2014), the relevant Ministerial documents (Employment Policy Concept of the MLSA 2013–2020), respond to the conclusions and recommendations of the European Council documents, etc.

1.2 Target value

The aim of the Employment Strategy is to increase the overall employment rate in persons aged 20–64 to the target value of 75%, while meeting national sub-objectives (increase employment in women and older people, reduce youth unemployment and unemployment of low-skilled workers), adopted by the Czech government in Europe 2020, Strategy for Smart, Sustainable and Inclusive Growth.

The Employment Strategy will increase the number and share of job seekers and persons interested in a job supported through active employment policy instruments, and it will also increase the employment rate of people on the margins of the labour market, the share of job seekers and persons interested in a job whose qualifications and skills will meet the needs of employers, as well as the use of flexible forms of work. There will be a reduction in regional differentiation in access to employment, employment rate and unemployment rate.

Increased offer of available childcare services for children and dependents and increased use of short-time work and other flexible forms of work will result in increased employment rate and employability of women, reduced vertical and horizontal segregation in the labour market and the pay gap between men and women, and there will be a gradual elimination of gender stereotypes and discrimination in the labour market and reduced conflicts and causes hindering the balance in work, private and family life.

Raising the level of knowledge, skills and competences of the employees of companies will contribute to the adaptability of enterprises to the changing situation in the global labour market, increase their competitiveness, improve the transition of the existing economy to an economy based on knowledge, technology changes, research and development and alternative energy sources friendly to the environment.

There will be optimized management, cooperation and responsibility of the individual management levels and departments within the Labour Office in securing and conducting various activities under social and employment policy. Regional labour market players will be involved in designing and implementing employment development, increasing their cooperation with the Labour Office at all levels of management, for example through local employment networks. The workers of the Labour Office will implement new ways of working with job seekers, having appropriate wider range of instruments and measures of active employment policy for all categories of job seekers. Increasing the volume and quality of training of Labour Office staff, the volume of resources earmarked for employment policy, effective methods of work with job seekers and evaluation of the impact of measures on individual categories of job seekers, ensuring the implementation of active employment policy for most job seekers, while maintaining the principles of efficiency of the funds used. The MLSA and the Labour Office will have functional information, analytical and monitoring systems to evaluate the effectiveness and efficiency of the implemented measures and instruments of active employment policy. There will be an increase in the availability and quality of services concerning the EURES network in the Czech Republic.

The MLSA and labour market institutions will have the tools to support further professional education for job seekers and persons interested in a job. The Strategy will ensure smooth cooperation between the Labour Office or other labour market institutions, with actors at the regional level in the development of human resources and addressing regional unemployment and strengthen regional cooperation with regional self-governments and cooperation with the players in the labour market based on regional tripartites.

The Strategy will ensure functional system of career counselling in the labour market, including counselling programmes for job search techniques and career choice, promote the development of retraining (further professional education) and vocational rehabilitation in accordance with the needs of the labour market, including their financing.

Reducing unemployment and increasing employment rates and other objectives of the Employment Strategy will be addressed gradually in the period up to 2020. Their achievement is primarily dependent

on the phase of the business cycle, on the ability of Czech governments to use appropriate instruments and measures to stimulate economic growth to generate enough new jobs, as well as the ability to coordinate ministerial policies to make them consistent with employment policy. Generally, the measures under the Employment Strategy have only supporting character, increase employment and employability, motivation of job seekers and persons interested in a job, etc; however, they are not in itself able to reverse the effects of economic crises or ensure more robust economic growth.

1.3 Ensuring the implementation and funding

The MLSA is the leading manager responsible for addressing the problems identified under the Employment Strategy MLSA, in collaboration with other Ministries whose competences include the related policies, such as the MEYS (Educational Policy), MIT (economic policy and business support), MRD (regional policy), MoF (budgetary policy) etc. The partners in the formulation and implementation of measures at the national level will also include social partners represented in the Council of Economic and Social Agreement, professional and business associations and other actors in the labour market.

The Labour Office is the main implementer of measures under the Strategy, in cooperation with other public authorities, employers, municipalities, regional professional and business associations, counselling and educational institutions, NGOs, etc.

The Employment Strategy responds to a number of problems whose solution often requires a longer time horizon; therefore, it is planned until 2020, in order to cover the future programming period. It responds to labour market problems identified in recent months; however, it is necessary to bear in mind that the labour market is variable and the MLSA is therefore inherently unable to identify all future problems or their scope and impact on the labour market. This is also due to the variability in today's global market, which includes the Czech economy as its integral part. It can therefore be assumed that it will be necessary to update this document within about three years.

Addressing the problems identified under the Employment Strategy will require significant increase in funds intended for active employment policy, as well as increase in the human and technical capacities of institutions that will address these problems. The amount of funds must be consistent with the problem to be addressed – the number of unemployed registered at the Labour Office (597 thousand persons as of 31 December 2013, while only 35 thousand job vacancies). The amount of costs incurred to reduce the unemployment rate or increase the employment rate will largely depend on economic performance. If it performs strongly enough (preferably more than 3% annual GDP growth), the amount of cost incurred will decrease, because a number of unemployed persons will find a job without support if employers have plenty of new orders. If not, it is necessary to expect higher costs.

The MLSA expects that the measures under the Strategy will be funded from two sources: the state budget and the European Social Fund under the Operational Programme Employment, which is currently being prepared. According to the current State budget outlook (the budget chapter of the MLSA for active employment policy), we can expect annual costs of CZK 1.5 billion. The MLSA will implement employment policy under this Strategy always within the State budget and the appropriate expenditure chapters. The implementation of the OP Employment 2014-2020 (as well as the Youth Employment Initiative – YEI, which forms its part), including the national co-financing, has received a pre-allocation of approximately EUR 2.569 billion, i.e. approximately CZK 70.6 billion at EUR 1 = CZK 27.5. The funds under are predominantly concentrated in Priority Axis 1 Promoting employment and adaptability of the workforce, which received an allocation of nearly 60% of the programme's funds (i.e. approximately CZK 42 billion including national co-financing).

2. Current situation on the labour market

2.1 Economic development and labour market

The development of the labour market, which is expressed mainly in terms of the demand for labour, is greatly dependent on the economic development and the state of the business cycle, on the business environment and the overall mix of government policies affecting the labour market (employment, social, economic, budgetary, regional, etc.). The Czech economy is heavily dependent on the manufacturing industry with a strong pro-export character, which is highly sensitive to the state of the economic cycle.

Therefore, the development of the Czech labour market was significantly affected after the 2008 by the global economic crisis, which fully manifested itself in the economy and the labour market in 2009. The following years of 2011 and 2012 brought a very slight recovery, followed by another slip of the Czech economy into recession in 2012. In both years, the recession manifested itself in an annual GDP decline of 0.9%. The negative impact of the recession on the labour market became fully apparent in January 2014, with the unemployment in the Czech Republic reaching record highs.

During 2013, however, the performance of the Czech economy gradually improved, with annual GDP declines for each quarter becoming lower and reporting GDP growth in the last quarter of 2013 (Q1: -2.2%, Q2: -1.6%, Q3: -1%, Q4: +1.3%). The positive trend of economic growth was maintained in Q1 2014, when annual GDP growth reached 2.5%, the highest in three years.

The dependence of the labour market developments on the dynamics of economic development (GDP) is described by Okun's law. It indicates how much GDP must grow to maintain the unemployment rate. It has been determined for the Czech Republic that in order to maintain the unemployment rate, GDP must grow 0.92% quarter-on-quarter (3.7% year-on-year). Although the Czech economy has seen continuous quarter-on-quarter growth since Q2 2013, it has not yet reached the required value. It was achieved only in Q4 2013, with Q1 2014 showing GDP growth at least of 0.8%. However, the labour market was already showing a positive impact during the first half of the year, although further development is still uncertain and we will need to wait for the confirmation of positive trends.

Also, macroeconomic forecasts for the next years show a relatively steady economic growth, although insufficient for the labour market. In terms of annual GDP growth, the last forecasts expect GDP growth of 1.8% for 2014 (ranging from 1.1 to 2.7%), 2.4% for 2015 (ranging from 2.1 to 3.1%), 2.6% for 2016 (ranging from 2.1 to 3.0%) and 2.5 for 2017 (2.1 to 3.0%). As is evident from the above, even if the maximum forecast GDP growth is reached, the Czech economy will not perform sufficiently to create enough jobs to reduce the unemployment rate according to the above Okun's law. Still, forecasts indicate a gradual reduction in the unemployment rate over the following years. The above mentioned lower performance of the Czech economy only underscores the importance of employment policy and investing in it, as the basic prerequisite for promoting employment in a situation where the development of the economy is unlikely to be sufficient to lead to positive developments in the labour market.

2.2 Labour market development and its current condition

For the purposes of monitoring and periodic evaluation of labour market developments, the Ministry of Labour and Social Affairs prepares every six months an analysis of trends in employment and unemployment, which are published on the integrated portal of the MLSA.¹ The analysis is prepared on the basis of statistical data from MLSA as well as the Czech Statistical Office. The following section focusing on the description of past developments and the current condition is based on these analyses – it focuses on employment, and unemployment and economic inactivity.

¹ http://portal.mpsv.cz/sz/politikazamest/trh_prace

2.2.1 Employment

After the onset of the financial and economic crisis, there was a nation-wide decline in employment, irrespective of age or education structure (excluding university graduates). Industrial production and the related disciplines were affected the most, which resulted in a significant decline in employment of men rather than women (given the gender composition of employment in individual sectors). Partial balancing of the difference in the employment of men and women was then further strengthened by the double-income family model due to the decline in real wages and the need for financial security of families. The impact of the crisis on the above sectors also resulted in a shift of labour from the secondary to the tertiary sector. While in 2008 the share of secondary sector on the employment stood at 40.5%, in 2013 it decreased to 37.5%. In contrast, the share of the tertiary sector increased in the same period from 56.2% to 59.5%. Although in 2012 and 2013, the Czech economy fell into recession again, employment has started to increase again since 2012. The results of the Labour Force Survey of the CSO (LFS) showed that in 2013 the average number of employees in the national economy stood at 4,937.1 thousand persons, a year-on-year increase of 1% (by 47.0 thousand persons in absolute terms). As a result, the annual average employment rate in 2013 reached 72.5%². This increase was largely attributable to the growth in the number of part-time jobs (43.7 thousand), which have been continuously increasing since 2008 (with a certain exception of 2011, when there was a temporary stabilization of the labour market). A similar trend is also evident in the case of fixed-term contracts.

Impact of the economic crisis on employment and unemployment has been partially moderated by the growing number of self-employed persons. After 2008, there is an evident growth in the share of self-employed persons without employees in the labour force, accompanied by a steadily declining number of entrepreneurs with employees. Although this is a long-term trend, it seems that its intensity grows in times of economic recession³. In 2013, this trend stopped (there was a decrease in the total number of entrepreneurs), while the number of entrepreneurs without employees decreased and the rise of entrepreneurs with employees was minimal. While in times of recession, the increase in self-employed persons corresponded to roughly 1/3 to 1/4 of the decrease of employees, currently the decrease in self-employed persons makes up about 1/3 of to 1/4 of the increase in the number of employees⁴. This trend is very likely due to the efforts of individuals who lose their jobs to find a job through self-employment, as well as due to the efforts made by employers to reduce labour costs by forcing employees to perform their jobs as self-employed contractors ("švarc systém").

The only group which showed an increase in employment in the time of economic crisis and beyond was university graduates. People with primary education and secondary education without the *maturita* examination reported a steady decrease. In 2013, decrease was also reported in the case of employed persons with secondary education with the *maturita* examination. Despite the long-term decline, the persons with secondary education with the *maturita* examination form the largest group among the employed, which is largely due to the high share of these persons in the population.

The economic crisis temporarily reversed the long-term trend in balancing the differences of regional employment in individual regions of the Czech Republic, with the differences increasing once again. The City of Prague, Central Bohemia and the Pilsen region have consistently shown the highest employment rates. Conversely, the lowest employment is reported in the Ústí, Moravia-Silesia and Olomouc regions, which have also consistently had a high unemployment rate.

The economic crisis stopped the increase in the inflows of foreign labour. Its gradual growth in 2011 did not reach the pre-crisis levels. The form of employment of foreigners gradually changed. Since 2008, there has been a steady decline in the number of work permits and a growing number of foreigners with a

² Employment and unemployment according to the LFS – Annual Averages 2013 CSO, published on 30 April 2014 [www: http://www.czso.cz/csu/2014edicniplan.nsf/p/250132-14](http://www.czso.cz/csu/2014edicniplan.nsf/p/250132-14). The growth dynamics of the employment rate is particularly evident when comparing the various quarters. 2013: Q1 – 71.6%, Q2 – 72.7%, Q3 – 72.8%, Q4 – 73%. Q1 2014 – 72.7% (influenced by seasonality, termination of employment relationships as of 31 December).

³ Performance of the economy and the labour market, CSO, [www: http://www.czso.cz/csu/csu.nsf/informace/csav062414.docx](http://www.czso.cz/csu/csu.nsf/informace/csav062414.docx). A similar trend was also evident in the previous recession in 1997–2000.

⁴ Ibid: In 2008–2012 the number of employed decreased by 179.3 thousand, while the number of self-employed increased by 52.7 thousand. In 2013, the number of employees increased by 65.6 thousand, while the number of self-employed fell by 18.5 thousand. A similar relation with a very similar situation could be observed in 1997–2000.

trade licence. Most foreign workers perform low-skilled jobs. There is an increasing share of persons who are granted permanent residence.

2.2.2 Unemployment

The impact of the recession on the labour market caused the rise in unemployment in 2009, which culminated for the first time in February 2010. Moderate economic recovery led to a decrease in unemployment in 2011 (lowest unemployment rate was reported in October). Unemployment rose again in the following two years. In the second half of 2012 and the first half of 2013, the increase was quite significant – in February 2013 unemployment reached the highest level under the monitoring performed so far. Gradual mitigation of the decline in GDP began to reflect in the development of unemployment in the second half of 2013, when its growth began to slow. While the share of unemployed persons reached 7.1% at the end of 2009, it decreased to 6.8% at the end of 2011, rose to 7.4% in December 2012 and at the end of 2013 it was already at 8.2%⁵.

The impact of the crisis resulted in a steep increase in the mismatch between labour supply and demand. The number of job vacancies quickly dropped in 2009. The drop was even more significant in 2010. In the following year, the number of job vacancies rose and remained at approximately the same level in 2012 and 2013. The number of vacancies increased (although slightly) only in the first half of 2014. The mismatch between supply and demand in the labour market is best visible in the number of job seekers per one job vacancy. While during the peak growth of the Czech economy in the first half of 2008, there were 152 thousand vacancies with 2.2 job seekers per one vacancy, in January 2014 the number increased to 17.3 job seekers per one vacancy. As of 30 June 2014, the number stood at less than 11 job seekers per vacancy.

In 2011, in comparison with the pre-crisis period, there was a decrease in job vacancies requiring basic education; the share of vacancies for apprentices returned to pre-crisis levels and the share of vacancies requiring complete secondary school education with *maturita* and university education further increased. From 1 January 2012, however, an amendment to the Employment Act cancelled the obligation of employers to report job vacancies to work the Labour Office, which resulted in a change of their structure. After the obligation was cancelled, employers rather report low-skilled vacancies, which is also due to limited issuance of work permits for foreigners from third countries who mostly performed these jobs.

The specific unemployment rate of people without education and those with primary education stood at 37.8% at the end of 2011, while increasing to 42.3% at the end of 2012. The share of job seekers with this level of education did not change in 2013. It is the second largest group of job seekers (second to workers with an apprenticeship certificate), a group whose vulnerability in the labour market increases with the time for which they are registered as unemployed, and a group which accumulates other negative factors. At the end of 2011, the specific unemployment rate for job seekers with university education stood at 2.7% and as of the end of 2012 there was only a minimal increase (2.9%). In 2013, however, there was a relatively highest annual increase in unemployment among people with university education (by 17.5%). Apprentices without *maturita* have consistently been the largest group of job seekers (almost 40%). Job seekers with no education or primary education have difficulty finding a job; however, their share in the population is lower than in the case of apprentices.

After the outbreak of the economic crisis, the highest increase in unemployment was reported in the case of the youngest and oldest age groups. The share of job seekers under 25 in total unemployment was growing until 2012, decreasing in 2013. The decline in the share of this category in the total unemployment was (except the programmes intended for young people) also affected by demographic developments (population aged 15–24 decreased by 3.4% during the year). However, the share of job seekers over 50 years (and especially 55+) is constantly increasing, especially given the increasing age for retirement. At the end of 2012 compared to 2008, the specific unemployment rate of persons aged

⁵ Based on the agreement between the CSO and the MLSA from January 2013, the registered unemployment rate was replaced by a **new indicator – Share of unemployed persons**, i.e. the number of job seekers aged 15–64 years to the population of the same age. The reasons for the indicator change and historical time series since 2005 is available at http://portal.mpsv.cz/sz/stat/nz/zmena_metodiky

under 25 increased by 6.2 percentage points, while that of persons aged over 50 increased by 1.0 percentage points. Above-average unemployment rate is typical for people aged 15–29 and 50–59. Unlike in the case of young people, the specific unemployment rate of older people is decreased by high economic activity. The newly introduced indicator – Share of unemployed relative to population – corresponds better with the absolute number of job seekers or their shares in the total number of job seekers. At the end of 2013, the share of young people aged under 25 years stood at 8.7% (year on year increase by 0.5 percentage points) and the share of people aged 55–64 years stood at 6.6% (1.1 pp increase).

The number of job seekers registered for more than 12 months has more than doubled since the end of 2008. The most significant increase was observed in 2010 (job seekers who entered the Labour Office records at the beginning of the crisis became long-term unemployed). In the following years, the increase in the number of long-term unemployed was slower. Due to the increase in overall unemployment, their share in the total number of job seekers increased from 28.8% at the end of 2008 to 45.3% as of 30 June 2014 (of which 57.6% were registered for more than 24 months). The low number of jobs not only led to an increase in the number of long-term unemployed, but also to further increase in the period for which people were registered with the LO CR. The average period of registration with the Labour Office (i.e. the period for which job seekers registered with the LO as of 31 December 2013) increased (from 413 days at the end of December 2008) to 563 days and, as of 30 June 2014, it even increased to 639 days. Persons who are registered at LO CR for a shorter period have better prospects in the labour market; however, the length of the finished registration (i.e. the length of unemployment of those who are no longer registered) changed dramatically. In Q4 2013, it was 335 days, i.e. 120 days longer than at the end of 2008.

Regional differentiation of unemployment, which gradually declined in the period before the crisis, gradually increased due to the economic recession (the difference between the districts with the lowest and highest unemployment rate was 11.2 percentage points at the end of 2008 and 14.4 percentage points in 2012). In 2013, unemployment was increasing faster in regions with lower unemployment (Prague, Prague-East Prague-West). As of 31 December 2013, the share of unemployed persons equal to or higher than the national average (8.2%) was reported in 7 regions, and increased in all regions, the most in Moravia-Silesia, Ústí, Olomouc regions and in the City of Prague. Higher long-term unemployment (over 12 months) was reported in regions with above-average unemployment. In 2013, the highest share of long-term unemployed (over 12 months) was reported in Ústí, Moravia-Silesia and Karlovy Vary regions. The lowest share was reported in regions with relatively low unemployment – South Bohemia, and Hradec Králové regions and the City of Prague.

2.2.3 Economically inactive population

The largest recent acceleration in annual growth of inactive population (15+) was reported in 2007 and 2008. Year-on-year growth in the subsequent years was only small. In 2012, the first annual decrease of inactive persons was reported, and continued to decrease in 2013.

In the inactive persons category, increase in the share of men has been reported since 2007, with a gradual acceleration of this trend; however, drastic change can be seen in 2011. In terms of year-on-year changes across the category, the development in the subcategory of women was crucial. The year 2007 saw significant acceleration of their year-on-year growth, which in 2011 turned into a year-on-year decline, becoming more intensive in 2012 and 2013. In the category of inactive population, permanent year-on-year decrease in the last period of 2011 was reported for those aged 25–29, 40–44, 50–54 years and 55–59.

The number of economically inactive working age population in the last period corresponded to population trends; the numbers in each age category (except for a slight increase in the 35–44 group) decreased in 2013. In the above group, the number of economically inactive women increased (particularly in relation to child care). The decline in the youngest working age groups (up to 29 years) was evident in the category of persons in training for employment (the largest decline was reported in the number of economically inactive university students); the decrease in economically inactive group of those aged 55–64 is related to the increasing retirement age. The year-on-year increase in university students (from the total of 2008) has gradually come to a halt in 2011 and started to decline in year-on-year terms. In 2009–2013, there was also a year-on-year decline in secondary school students and those preparing for employment at vocational schools.

Among the economically inactive men, biggest increase was reported in the number of pensioners (2008–2012); since 2012, there has been a decline in the overall number of pensioners. The same trend can be seen in the case of economically inactive women. In 2008–2011, among the economically inactive women, biggest increase was reported in the number of pensioners; in 2013, their overall numbers started to decline. Specifically, in 2013 the category of inactive pensioners increased by 2.6 thousand, the number of regular old-age pensioners rising by 24.5 thousand, the number of early pensioners decreasing by 13.7 thousand and disability pensioners decreasing by 13.4 thousand. (the increase in the number of regular old-age pensioners was partly due to the automatic reclassification of disability pension to old-age pension at the age of 65).

2.2.4 Progress towards national employment policy objectives

Following the main objectives of the Europe 2020 strategy (which replaced the Lisbon Strategy), the Czech Republic has set the following national employment objectives for 2020: increasing the overall employment rate in the age group 20–64 to 75%, increasing the employment rate of women in this age group to 65% and the employment rate of older workers (55–64) to 55%.

- After the decline in the employment rate of those aged 20–64 in 2009 and 2010, 2011 saw an increase to 70.9%, to 71.5% in 2012 and in 2013 it increased by 1.0 percentage point to 72.5%.
- The employment rate of women of the same age saw significant progress towards the objective, increasing by 1.3 percentage points to 63.8% in 2013. The employment rate of women was gradually increasing, with the exception of 2010 (in addition to favourable employment situation, this was also due to faster extension of the retirement limit for women).
- The gradual achievement of the objectives was primarily due to the age group of employed persons aged 55–64 years, whose employment rate (except a temporary decline in 2010) was gradually increasing, namely in 2013 by 2.2 percentage points to 51.6%.

The need to reduce the high rate of unemployment of certain population groups is also reflected in setting the national unemployment objectives of the Czech Republic until 2020. Specifically, these objectives include the reduction of unemployment rate of young people (aged 15-24) by a third and the unemployment rate of low-skilled people (ISCED 0-2) by a quarter compared to 2010. The development of these indicators unfavourable due to rising unemployment; a slight improvement is noticeable in 2013.

- The unemployment rate of low-skilled persons is increasing; while in 2008 it stood at 19.1%, in 2012 it increased to 28.5% and decreased to 25.6% in 2013.
- The unemployment rate of persons aged 25 years or under increased from 9.9% in 2008 to 19.5% in 2012; however, in 2013 it decreased to 18.9%.

Expected progress towards national employment policy objectives

Given that in 2013, the registered unemployment indicator reached an average of 7.7% (in January and February 2014 this indicator stood at 8.6%), the average share of unemployed persons in the population in 2014 can be expected to reach 7.7–8.2% in 2014, with unemployment rate reaching 7.5–8.2% in 2015. The Ministry of Finance has estimated the 2014 value of this indicator at 7.9%, the Czech National Bank at 8.0%. In 2015, both institutions expect the indicator to decline, the Ministry of Finance to 7.7% and the Czech National Bank to 7.6%. For these reasons, we expect the following progress in the employment indicators.

	Unemployment rate – total	Unemployment rate – women	Unemployment rate – persons aged 55–64
2013	72,5%	63,8 %	51,6 %
2015	72,7 %	64 %	51,6 %
2018	73,8 %	64,4 %	53 %
2020 (objective)	75 %	65 %	55 %

3. Defining the basic problem areas in the labour market and related strategic employment policy priorities

Basic priority areas of employment policy should be defined on the basis of the current labour market trends and tendencies (see previous chapter) and on the basis of the requirements for the development of the Czech labour market imposed by other strategic documents of the Czech Republic, the European Union and specific recommendations of the Council. At the national level, these documents primarily include the International Competitiveness Strategy and the annually updated National Reform Programme; at European Union level, they include in particular the Czech Republic's obligations arising from the Europe 2020 strategy (national employment policy objectives) and the specific recommendations of the Council for the Czech Republic. Although recent months have seen economic recovery, which can be expected to bring about a slight improvement in the labour market, the following problems persist in the Czech labour market:

- I. **Highly excessive labour supply over demand** resulting mainly from the poor performance of the economy that is unable to generate sufficient number of new jobs. This is an underlying problem of the Czech labour market, which limits its functioning and significantly enhances most of the following problems (see chapter 2.1).
- II. **Difficult access to employment**, especially for disadvantaged groups, including the reversal of the positive pre-crisis trend of gradual balancing of regional disparities in the labour market. This problem is due to the highly excessive labour supply over demand restricting access to employment for disadvantaged groups (employers can choose) and also to the nature of unemployment and internal problems of target groups. This mainly concerns young people, older workers, especially in pre-retirement age, parents caring for children or returning from parental leave, persons with disabilities and finally those who are socially disadvantaged and low-skilled⁶. This group includes problems based on objective causes (skills, disability, commuting, etc.) and more or less subjective causes, including economic causes (e.g. motivation to accept a job).
- III. **The position of women in the labour market**, especially in relation to maternity. This is reflected in the loss of women's employment, especially in younger age categories (under 35 years). Women's career interruption is negatively reflected in their lower remuneration for their work and career opportunities. The need to provide for child care is also considerably limiting.
- IV. **Insufficient flexibility of employees and their employers and lack of career mobility**, including the flexibility of the labour market as a whole and the lack of support for the creation of flexible forms of work.

Solving these problems is then impossible without ensuring high-quality public employment services and appropriate cooperation in the labour market. To address the above problem areas, we identified the following strategic priorities in the area of employment policy:

- 1) Supporting the access to employment, especially for vulnerable groups in the labour market (I, II)
- 2) Promoting gender equality in the labour market (III)
- 3) Adapting the enterprises, employees and the unemployed to labour market changes and needs (IV)
- 4) Developing public employment services

⁶ Difficult position of these groups in the labour market results from long-term statistics and analyses of the labour market; for the sake of comparison, see the biannual Analysis of Employment and Unemployment in the Czech Republic prepared by the MLSA. They are available at http://portal.mpsv.cz/sz/politikazamest/trh_prace

4. Priority 1: Supporting the access to employment, mainly for vulnerable groups in the labour market

Ensuring equal access to employment for all persons is one of the main priorities of the national employment policy and one of the main pillars of social as well as economic policy. As is apparent from the above description of the current labour market situation, the following two major problem groups have been identified in ensuring equal access to employment:

- Insufficient job creation allowing all those who want to work to find a job, including regional disparities between the supply of and demand for labour.
- Problematic access to employment for the most disadvantaged, i.e. older persons in pre-retirement age, young people, those caring for a close person, especially a child (or those returning to the labour market), low-skilled workers, people with disabilities and people with other, especially social handicaps.

4.1 General barriers for access to employment

4.1.1 *Insufficient job creation*

The issue of job creation and its dependence on economic development has been well described in previous chapters; therefore we will not examine it further in this chapter.

4.1.2 *Regional disparities and geographic mobility*

The description of labour market developments and trends (chapter 2) stated that the post-crisis period saw a reversal of the previous trend of gradual balancing regional disparities. The labour market situation is becoming increasingly difficult especially in regions that have undergone restructuring of its former industrial base relying mainly on mining and heavy industry, especially in the Ústí and Moravian-Silesian regions. However, these labour market problems are evident even in some remote and economically backward rural areas, both in the border areas and inland. These regions particularly include those which are defined in the Regional Development Strategy⁷ as economically troubled regions and socially disadvantaged areas. The Regional Development Strategy 2014–2020 defined 57 regions as economically troubled regions (municipalities with extended competences – MECs). The population of these MECs totals 2,621,740, equivalent to 24.8% of the population and an area of 24.7% of the Czech Republic. These regions are characteristic for high unemployment rate, low standard of living, low level of economic performance, low average income of the population and adverse demographic trends. Socially disadvantaged areas include MECs exhibiting long-term unemployment and a number of socially excluded localities and localities at risk of social exclusion. This is also linked with potential social unrest as well as a higher incidence of socio-pathological phenomena (drugs, usury, gambling). At the regional level, increased incidence of these phenomena has been identified mainly in Prague, Ústí and Moravian-Silesian region. The backwardness of such regions is due to insufficient number of jobs, lack of infrastructure, investment and the emigration of workers, especially young people with higher skills. Paradoxical situation can be found in southern Moravia, which has a considerable number of economically troubled regions and long-term high unemployment rate, but the Regional Development Strategy defines it as a comprehensively competitive region having the highest potential for further economic growth (in addition to the Central Bohemia region and Prague).

Although regional disparities in the labour market are mainly caused by different levels of economic performance of regions, they are also largely determined by lack of regional mobility of the population

⁷ The Regional Development Strategy of the Czech Republic 2014–2020 was approved by the Government on 15 May 2013 in its Resolution no 344.

consisting in migration or commuting. This does not only concern migration (commuting) at interregional level, but problems occur even at the micro level at individual localities. In addition to subjective reasons (unwillingness to move), **geographic mobility is prevented** in particular by objective reasons. In addition to economic reasons (**income from employment cannot compensate the extra costs associated with relocating or commuting**), **these reasons include local structural shortcomings in rental housing and lack of infrastructure in the provision of transport services**. In the case of parents with children of pre-school (and school) age, one cannot ignore the barriers consisting in the **lack of capacity and availability of childcare facilities** (accordingly, the unavailability of care facilities for the elderly in the case of children caring for elderly parents). In promoting regional mobility, especially that related to the relocation of persons, it is necessary to take into account other aspects of sustainable and stable regional development, including the danger of depopulation of peripheral regions.

Problem:

- Regional disparities in the labour market and low regional mobility.

Causes:

- Differences in economic performance of regions.
- Costs of commuting or relocation of persons in relation to accepting a job in another area/region.
- Insufficient infrastructure to allow regular commuting, both in terms of transport and services (e.g. care for a child or close person).
- Subjective unwillingness of the population to move, local structural shortcomings in the rental market.

4.1.3 Socially excluded localities and their inhabitants

Socially excluded localities represent a specific group, where the issue of unemployment hits the bottom; here, high unemployment is the product and result of social exclusion as well as its catalyst. As stated in the Strategy for Combating Social Exclusion 2011–2015, unemployment rate in socially excluded localities reaches extreme values of 90%–100%⁸, such unemployment being of long-term or repeated nature. Those residents of socially excluded localities who work usually have low-skilled jobs with low job security and low pay, typically of seasonal or temporary nature. Long-term unemployed persons from socially excluded localities are therefore forced to seek alternative forms of livelihood involving both undeclared work and welfare dependency and indebtedness⁹. A high percentage of debt and the ensuing property seizure in turn encourage the inclination towards non-standard ways of providing for oneself. This phenomenon is further deepened by lower levels of education and a lack of socio-cultural competence, especially financial literacy. Obstacles preventing the persons from socially excluded localities from access to employment consist in external influences (especially discrimination and prejudice of employers outside of these localities) and in the socially excluded persons themselves (the lack of willingness to work in a formalized employment relationship, low skills, lack of work habits etc.). At present, the current setup prevents successful application of the "permeable employment" principle (transition from subsidized places to the open labour market). To ensure the permeable employment, it is necessary to strengthen coordinated cooperation of all stakeholders at the regional level, with an emphasis on the involvement of municipalities, including NGOs as employers.

⁸ Strategy for Combating Social Exclusion 2011–2015, available at: <http://www.socialni-zaclenovani.cz/dokumenty/strategie-boje-proti-socialnimu-vyloucenj/>. However, situational analysis conducted in 2013 by the Agency for Social Inclusion refute these high numbers; usually they put unemployment in socially excluded localities at selected addresses at 30–60% (e.g. 40% in Nové Sedlo, 29% in Krnov, 53% in Sternberk – these numbers may partially be also caused by a change in the calculation)

⁹ *ibid.*

Problem:

- High unemployment in socially excluded localities

Causes:

- The causes are related mainly to the actual vulnerable group of socially excluded persons or persons at risk of social exclusion, who live in the given locality; therefore, the causes of the problem in relation to the labour market are discussed within the relevant vulnerable group (see below).

4.2 Groups of persons disadvantaged in the labour market

Negative developments in the labour market after 2008, characterized by increasing number of job seekers per vacancy, deepened the disadvantage of those groups of unemployed persons, which have a certain handicap in the labour market even under normal circumstances. This phenomenon is sometimes referred to as "queuing theory", where a job seeker with some type of handicap is relegated to the lower rungs of the imaginary order as the number of unemployed people applying for the same job grows. Most affected persons include older workers (aged over 55) and young people (aged under 25). Other vulnerable groups include people with disabilities, people who are socially excluded or at risk of social exclusion and low-skilled workers.

The queuing principle also currently exacerbates the **problem of long-term unemployment**, especially among people with multiple disabilities. As of 30 June 2014, the Labour Office of the Czech Republic recorded a total of 45.3% of job seekers registered for more than 12 months (243,412 persons), including 26.1% of those who were registered for more than 24 months (140,360 persons). The share of the long-term unemployed in the total number of job seekers has grown significantly in recent years. For comparison, as of the same date last year, the share of job seekers registered for more than 12 months in the total number of job seekers stood at 38.9%¹⁰, the increase in long-term unemployed being particularly evident among persons registered by the Labour Office of the Czech Republic for more than 24 months. These data show that the problem of long-term unemployment in the Czech Republic is growing; at the same time, we cannot expect that even the resumption of economic growth and improved labour market situation will immediately improve long-term unemployment. For the newly created jobs, employers will prefer persons with no or minimum handicaps (i.e. not those from the group of long-term unemployed persons); however, this unfavourable situation will be mitigated through active employment policy.

Below are the root causes and barriers for individual groups that limit their access to employment.

4.2.1 Youth

This age group is characterised as persons aged up to 25, or university graduates aged up to 30, usually without extensive work experience. After the outbreak of the economic crisis, this age group (together with older people) was most affected by highest increase in unemployment. At the same time, it is a group that is receiving increased attention by the European Commission. Although the situation in the Czech Republic is not as critical as in other EU countries, the Czech Republic has seen a significant increase in unemployment among young people (up to 25 years) in recent years.

Low youth employment is related not only to the disadvantaged position of this group in the labour market, but also with its low economic activity. The most significant problems can be found in the group of graduates, with graduates of secondary schools and vocational schools being at particular risk (university graduates to a much lesser extent). The unemployment among graduates of secondary schools and vocational schools was about 3 percentage points above the overall rate of registered unemployment; however, in the case of the total group of graduates (secondary schools, vocational schools and universities), it was lower than the total registered unemployment rate, suggesting that university

¹⁰ Statistical data of the MLSA from: <http://portal.mpsv.cz/sz/stat/nz/qrt>

graduates do not exhibit any significant disorders in the labour market. This fact is mainly due to preference for higher education by employers in a situation of excessive labour market supply.¹¹

The problem of young people as they enter the labour market particularly consists in the non-matching structure of their skills and lack of practical experience. This deficiency primarily results from the setting of initial education and insufficient focus on practical training in its course, including cooperation with employers and acquiring skills that are necessary in the labour market. This leads to a paradoxical situation in the Czech labour market, where, despite a highly excessive supply, employers are unable to find suitable employees for skilled jobs, especially in technical fields. However, in addition to the above objective reasons, rising youth unemployment has also subjective causes consisting mainly of **unrealistic ideas of young people about the labour market situation and their own abilities to succeed in the labour market.** Among other things, these problems are caused by a lack of career guidance both at school level and in collaboration with information and counselling centres of the LO CR.

Unless appropriate measures are taken in this area, this will not only jeopardize the ability of the Czech Republic to fulfil the national objective of reducing the unemployment rate of persons in the age group 15–24 by 2020 to one-third of 2010, i.e. to 12.2%, but also endanger smooth generational change and ensuring skilled workforce for the labour market. It is also necessary to provide young people with opportunities for employment in the shortest possible time after the completion of education, so as to allow them to become fixed in the labour market and rapidly acquire working habits and other skills necessary for labour market success. Otherwise, youth unemployment may grow into intractable structural unemployment.

Problem:

- Difficult employment of young people in the labour market

Causes:

- Insufficient career guidance and counselling on career choice in relation to pupils and students
- Knowledge and skills do not match the needs of the labour market, especially unsuitable skill structure of graduates
- Inadequate practical experience of graduates entering the labour market
- Unrealistic ideas of young people about the labour market functioning and their own potential

4.2.2 Older persons

Vulnerable groups in the labour market also include groups of older persons, especially those in pre-retirement age (age group 55–64). Although statistical numbers show that the employment of older persons has been improving in recent years (LFS data show that the employment rate of people aged 55–64 reached an average of 51.6% in 2013¹²), this group continues to be vulnerable in the labour market. This is also evident from the increase in the specific share of the unemployed in this group, where the indicator at the end of 2013 stood at 6.6% (year on year increase of 1.1 percentage points). Although this indicator in the above age group is lower than in the entire population of 15–64 year olds (8.2%), its breakdown to 5-year intervals shows **that unemployment strongly rises in pre-retirement age**, as the group aged over 60 is greatly affected by a significantly growing share of economically inactive persons

¹¹ Tomáš FIALA, Jitka LANGHAMROVÁ: Possible development of the educational level of the population of the Czech Republic until 2050, or How will human capital develop? IN: Social Policy Forum 5/2012, pp. 2 to 8 Given the excess labour supply over demand, university educated persons take up jobs intended for secondary school educated persons, who are in turn pushed out of these positions. As a result, university graduates work in professions that do not meet their level of education. It cannot be therefore unambiguously stated that increased employment of university graduates would be a clear consequence of labour market needs; it is rather related to the general increase in the share of university graduates in the population and the preference of these graduates by employers, as well as the fact that they accept a worse job as a result of lower demand for workforce.

¹² Employment and unemployment according to the LFS – annual averages 2013, <http://www.czso.cz/csu/2014edicniplan.nsf/p/250132-14>. The employment rate for this group has grown continuously throughout 2013 (as well as in the previous year), reaching 52.6% in Q4 2013. For comparison, in 2012 the employment rate for persons aged 55–64 stood at 49.4%, decreasing to 47.6% in 2008.

due to retirement. **As a result, the share of unemployed persons in the age group 55–59 stood at 10.5% at the end of 2013** (in absolute terms there were 76.4 thousand job seekers), and was also higher in the group 50–54 (63.7 thousand job seekers)¹³. In absolute terms, there were 31.1 thousand women job seekers and 38.2 thousand men job seekers in this age group. For comparison, the specific unemployment rate for the age group 55–59 stood at 7.5% in 2008 (1.5 percentage points more than the total registered unemployment rate), i.e. 25.2 thousand women job seekers and 37.2 men job seekers. Although there has been an increase in the specific unemployment rate, there has also been higher balancing of the differences between male and female unemployment in higher age groups in relative terms.¹⁴

Increasing participation of older workers in the labour market is probably due to the increasing retirement age. This is especially evidenced by the fastest rise in the employment rate of people aged over 60 years, as well as greater increase in employment of women in the age group 55–59. Other possible phenomena affecting greater participation of older persons in the labour market may include unfavourable economic situation of older people due to the ongoing economic crisis. **Also unfavourable is the persistent difference between the employment rate of older men and women.**

Older people are a group of persons which often accumulate a number of factors – especially **lower education, health disabilities and lack of adaptability to changing conditions** (conditions due to economic development or profession, as well as the lack of adaptability to changes in their own performance). The above causes are both objective (obsolescence of skills, reduced work performance data in certain professions) and subjective – on the part of the employees as well as their employers. This is especially the case with regard to declining work performance, which is dependent on the activity performed and can be addressed by transferring to another position and enhancing professional mobility or, in the case of obsolete skills, which is also caused by the reluctance of the workforce to improve their expertise and employers' unwillingness to invest in older workers. We shouldn't also ignore the impact of caring for close persons (grandchildren, elderly parents) caused by unavailability of other forms of care for these people.

The **position of older workers in the labour market** with regard to changing work performance and providing alternative forms of care to close persons **is further deepened by insufficient possibilities of flexible work arrangements**, especially part-time employment. The situation will need to be addressed, especially with regard to the increasing share of these groups in the total population due to demographic changes and the need to keep older people in the labour market. However, these **age groups are also strongly influenced by economic inactivity, and it is therefore necessary to monitor its level, which decreases with increasing age**¹⁵. **Early retirement or disability pensions**¹⁶ are the cause of **lower employment rate of older age groups, as well as its consequence, or the consequence of the increased vulnerability of this group in the labour market** (as an escape from unemployment).

¹³ Analysis of trends in employment and unemployment in 2013, available at: http://portal.mpsv.cz/sz/politikazamest/trh_prace. While in the age group 50–54 higher unemployment rate (expressed as a share of the unemployed) is reported for women (10.0% compared with 9.3% for men), in the age group 55–59 it is the opposite (9.9% for women and 11.2% for men). This is probably due to women's lower retirement age and to the need to provide care for grandchildren or parents due to the lack of care facilities allowing better reconciliation of family and working life. In Czech sociocultural environment, this care is especially provided by women.

¹⁴ In the reference year 2008, the difference between women and men in the age group 50–54 reached 2.2 percentage points, and 1.1 percentage points in the age group 55–59.

¹⁵ In the first half of the year, specific unemployment rate of persons aged over 50 stood at 8.7%, which was 0.6 percentage points higher than the overall unemployment rate; however, unemployment rate grows with increasing age, and for women aged over 55 it reaches 10.6%.

Data from the CSO show that in 2011, the employment rate in the age group 50–54 stood at 84.7%, while the specific employment rate was only 69.3% in the age group 55–60 (59.2% for women).

¹⁶ See previous note. Therefore, the departure from the labour market will not reflect in the rising unemployment rate, but in a decreased participation of this age group in the labour market (increasing economic inactivity). For example, as of 31 December 2012, the number of early old-age pensions stood at 523,886, i.e. 22% of all old-age pensions; data: <http://www.cssz.cz/cz/o-cssz/informace/media/tiskove-zpravy/tiskove-zpravy-2013/2013-03-13-podil-predcasnych-starobnich-duchodu-z-celkoveho-poctu-starobnich-duchodu-cinil-22.htm>.

In addition to the above, lower employment of older persons is affected by the absence of long-term preparation for ageing, both on the part of employees and the employers, and, to a large extent, also by the loss of responsibility for one's own old age in the working age, which manifests itself in lifestyle with impacts on health (and work performance) in older age, as well as in one's own professional development affecting occupational mobility and labour market status in the old age (including career choices).¹⁷ **The vulnerability of seniors in the labour market is also affected by the overall social climate, which remains unfavourable to promoting active ageing and insufficiently promotes solidarity between generations** (not only in relation to the labour market). This aspect is also further deepened by the deteriorating situation of young people in opposition to the issue of employment of older workers. The retirement of the existing workforce and unpreparedness of the young generation for the labour market may **in the future (especially in certain fields of a technical nature) lead to the problem of intergenerational change and increasing labour market paradox** – the high number of unemployed persons in comparison with the inability to fill vacancies in certain professions by suitably qualified domestic workforce.

Unfavourable position of older people in the labour market is further deepened by the prejudices of employers. These consist in anticipating lower work performance and the resulting lower willingness of employers to invest their resources in the development of older workers. Negative impacts certainly include employers being afraid to hire employees who the employer expects (with a certain degree of uncertainty) to give lower work performance, or where the employer expects a change in the employee's performance, while the subsequent replacement of such an employee involves unnecessary administrative burdens, or is difficult due to legislative barriers. In effect, the employer, taking into account this uncertainty, will prefer to refrain from the creation of such employment.

Problem:

- Low participation of older people in the labour market.

Causes:

- **Insufficient occupational mobility after a change in conditions** (technological, medical, etc.) due to inadequate career guidance throughout professional life, as well as to insufficient participation in further education.
 - Lower or inadequate skills.
 - Reduced work capacity, depending on the type of work performed.
- **Prejudice of employers** (reduced work performance is dependent on the work performed and the personal characteristics of the individual, rather than applying to the entire group of older people).
- **Inadequate preparation for ageing** both by the employees (interest in one's own professional development, healthy lifestyles) and the employers (investment in human resource development).
- **Insufficient supply of flexible work arrangements.**
- Insufficient capacity, accessibility and quality of facilities to care for close persons (secondary).

4.2.3 Persons with disabilities

Persons with disabilities represent one of the most vulnerable groups in the labour market, because the relative excess of workforce makes this group insufficiently competitive. In times of economic recession, the vulnerability of disabled employees deepens in connection with the optimization of production processes of employers. This is because the Czech society continues to be prejudiced against these workers, believing them to be less efficient. However, in relative and absolute terms, **the trends in the employment of PWDs are positive, even during of economic crisis and beyond.** The data from the Labour Force Survey show that the employment rate of PWDs in 2010¹⁸ reached 17.1% (highest

¹⁷ The issue of older persons is discussed in more detail in the National Action Plan to Promote Positive Ageing 2013–2017

¹⁸ In 2011 and 2012, this group is no longer included in the LFS.

employment rate was reported for men in the age group 30–44, reaching 37.6%), while in 2008 the employment rate for people with disabilities stood at 16.5%.

Low participation of people with disabilities in the labour market and their difficult access to employment is primarily due to their disability, which reduces their ability to work; however, this is not always the case, and the disability must always be considered with respect to the activity performed, or to the increased demands placed on the employer in terms of assistance, job inspection and, finally, potential adjustments to the workplace. Also, the prejudices of the majority of the population concerning these persons, their performance and self-reliance play a very important role; however these prejudices often result from mere ignorance of the issue and lack of experience. Secondarily, however, health handicaps also reflect in other aspects limiting the success of PWDs in the labour market. This mainly concerns education, because people with disabilities have also more difficult access to education due to their specific needs. This fact is strongly reflected in the educational structure of PWDs. However, factors affecting the success of people with disabilities in the labour market also lie in the group itself – in particular, often due to lack confidence and losing hope of finding employment, including the reliance on the social system.

The Czech Republic pays consistent attention to promoting employment of PWDs, having established a system to support people with disabilities in the labour market. The above increase in employment of persons with disabilities can therefore be considered a positive consequence of the employment policy instruments supporting the employment of persons with disabilities. **However, given the rising costs of these measures, there has been an adverse effect of their decreasing efficiency** (benefit to support the employment of people with disabilities, sheltered jobs (SJs), sheltered workshops (SWs) etc.). In 2006 to 2010, the number of employed persons with disabilities increased by 21%, while the state budget spending in this area increased by 76% over the same period. There was also a change in the structure of the expended funds – while spending on active employment policy (SJs and SWs) remained roughly the same in those years, spending on the benefits to support the employment of people with disabilities almost doubled.

This also corresponds to the structure of employment of persons with disabilities. For example, in 2006, about 19% of all employed persons with disabilities worked for employers employing more than 50% of PWDs, in 2010 the share increased to 27%. The number of employees with disabilities supported by means of the benefit to support the employment of persons with disabilities continues to grow. This is due to the automatic entitlement to the benefit, which can be claimed by all employers with more than 50% of all employees being people with disabilities. Employers tend to arrange their business activities in such a way that they concentrate the disabled employees in companies specializing in manufacturing or services suitable for the employment of persons with disabilities (e.g. guards or receptionists) in order to achieve the 50% share of these persons in the total number of their employees. This trend also benefits from the statutory obligation to employ persons with disabilities, where the Employment Act obliges all employers with more than 25 employees to employ at least 4% PWDs. This obligation can be also be fulfilled by purchasing products or services from employers with more than 50% of persons with disabilities. Therefore, in addition to the entitlement benefit, employers with more than 50% PWDs can also rely on a competitive advantage ensured by the purchase of products as part of the "mandatory share" obligation. Pursuant to Section 101 of Act no. 137/2006 Coll., on public procurement, as amended, preferential treatment may also be provided to contractors employing persons with disabilities which compete in procurement procedures for public contracts, subject to the conditions set out in the above provision.

In connection with the above, there has been an evident trend in transferring employees with disabilities from the free labour market (meaning employers who do not employ more than 50% of the PWDs) to the protected labour market (employers with more than 50% of PWDs). However, employment policy and support for people with disabilities in the labour market should primarily aim at placing these people on the open labour market with the majority of the population. Employment should not only constitute a source of income for this group (although this is its main purpose), but also to carry out other, equally important socio-integrative functions, prevention of social exclusion, maintaining social contact and finally satisfying the need of self-fulfilment.

Problem:

- Low participation of PWDs in the labour market.

Causes:

- Reduced ability to work, the need of assistance, etc.
- Requirements for specific adjustments to the workplace.

- Prejudice and concerns of employers.
- Losing hope of finding a job.
- Low skills.
- The system to promote employment of PWDs inadequately supports their transition to free labour market and integration into the majority population.

4.2.4 Socially excluded and low-skilled persons

In addition to the barriers that impede access of the specific groups mentioned in previous chapters to employment, there are other barriers restricting access of some persons to employment. However, these are cross-cutting barriers, with no ties to any particular group, and to a large extent have individual or regional character. They primarily include social exclusion, non-matching or low skills, drug addiction etc. While barriers to the employment of persons mentioned in the previous chapter are more or less related to the underperformance of the economy (i.e. could be in principle resolved by generating sufficient number of jobs), there are obstacles that are very difficult to eliminate even with sufficient economic performance.

The issue of socially excluded localities has already been mentioned above. However, persons at risk of social exclusion or persons who are already socially excluded do not live only in these localities. Their high unemployment is caused by both external factors, particularly labour market discrimination, and internal factors. These mainly consist in low level of skills, low level of education, loss of working habits and insufficient social competence. They are combined to a large extent with other social disadvantages – homelessness, high indebtedness preventing persons to accept employment due to property seizure, disabilities caused by poor diet etc., or high crime rate. Other important aspects also include welfare dependency and the intergenerational transfer of the above factors resulting from social exclusion. Failure to address social exclusion leads to a vicious cycle, in which social exclusion is both the cause and consequence of unemployment and difficult access to the labour market for certain population groups. Also problematic is the use of the existing active employment policy instruments when catching and "fixing" the most vulnerable groups in the free labour market, this phase being crucial for long-term stay in the labour market.

In comparison with the EU, the Czech Republic has a high unemployment rate of low-skilled persons¹⁹. Low or insufficient skills also deepens other disadvantages in the labour market and are typical among people with disabilities, older persons and persons who are socially excluded or at risk of social exclusion. The level of skills significantly determines the individual's position in the labour market; in this context, it is necessary to draw attention to the fact that increasing technological level decreases the number of job opportunities for low-skilled workers, and it is therefore necessary to concentrate on addressing this problem in the future. Low skills are strongly reflected in connection with social exclusion, being both one of its causes as well as consequences. Low-skilled work is also linked to low wages ("working poverty"), which do not allow/motivate such persons to step out of dependence on the welfare system. **However, support should primarily focus on further training of low-skilled workers and strengthening their position in the labour market, rather than only focus on creating jobs for them.**

Problem:

- Insufficiently inclusive labour market and low employment rate of low-skilled persons.

Causes:

- Low education level (insufficiently inclusive educational system, including further education).
- Lack of motivation to take up employment.

¹⁹ The employment rate of people with primary or no education is significantly below the EU-27 average (in 2012, it was 13.6 percentage points lower) and, moreover, it has been declining (from 45.8% in 2000 to 38.6% in 2012).

- Absent working habits.
 - Acceptance of employment as a social value / limiting socio-cultural environment.
 - Over-indebtedness of certain population groups.
 - Dependence on the social system.
- Prejudice and discrimination by employers.

4.3 Proposed measures to promote employment and job creation

Job creation depends primarily on economic development and the overall mix of all Government policies that the MLSA may affect only indirectly. However, given the continuing negative developments in the labour market, adopting new policy priorities and legislative and non-legislative measures affecting the labour market should be thoroughly assessed in terms of these effects. The basic instruments of the MLSA to support the creation of new jobs involve active employment policy (AEP) instruments, including financial support within the system of investment incentives²⁰.

4.3.1 Investment incentives

The current setup of the investment incentives system²¹ does not reflect current labour market needs, especially the need to create new jobs not only in regions with high unemployment²² but also in other economically weak regions. The amount of the support provided is also inadequate and does not motivate enough to create jobs. On the basis of Government Decree no. 732 of 25 September 2013, the Ministry of Labour and Social Affairs has therefore prepared an **amendment to the Regulation governing the amount of provided support from CZK 50,000 to CZK 200,000 per job**. The relevant government decree has already been published in the Official Journal on 21 January 2014 under no. 10/2014. Despite a temporary increase in spending, the measure, provided in regions with high unemployment, is eventually positive for public finances, because the conditions for providing financial support include maintaining jobs for a determined period of time (5 years under current legislation). It is obvious that the amount of financial support influences the decisions of investors, including foreign ones, to start business activities in structurally affected regions.²³

However, the above revision applies only to the amount of provided support, which is regulated by the Government Decree. Further streamlining of the system of investment incentives requires an amendment to the relevant provision of the Employment Act. Its current wording allows the provision of financial support only in geographical areas where the unemployment rate exceeds the national average by 50%. In the 1st half of 2013, such areas included only three districts in the Ústí region (Ústí nad Labem, Most, Chomutov), 2 districts in the Moravian-Silesian region (Bruntál, Karviná) and one district in the Olomouc region (Jeseník). This setting does not match the current requirements of the labour market. There are even regions where industrial zones are created with the potential to positively affect the adjacent

²⁰ Financial support is provided to employers pursuant to Section 111 of Act no. 435/2004 Coll., on employment, and pursuant to Government Decree no. 515/2004 Coll., on financial support to create new jobs and financial support for retraining or training of employees within investment incentives.

²¹ For the sake of completeness, we note that at the time of updating the draft document in July 2014, first steps had already been taken to improve the system of investment incentives.

²² Regardless of whether it is expressed as a rate or share of unemployed persons, because no link to such generalized metric corresponds to the needs of the labour market. In the current legislation it is expressed as "unemployment rate", which has since January 2013 ceased to be statistically monitored and has been replaced with the indicator "share of unemployed persons". However, the term "unemployment rate" provided under the Employment Act is not defined in this act.

²³ The amount of financial support was reduced on 28 February 2008, i.e. at a time when economic growth peaked; thus, the decision to reduce it was made under very different economic conditions. Together with the economic crisis, the reduction of support was followed by a decrease in new applications from 40–60 per year to 10.

regions, which, however, do not meet the statutory requirement²⁴. It is also necessary to take into account the fact that the Czech Republic has peripheral areas, which do not have extremely high levels of unemployment, but which are facing structural problems, low creation of new job opportunities and poor infrastructure. Such regions especially include economically troubled regions and socially disadvantaged areas (see chapter Regional disparities). **The system of investment incentives should therefore flexibly respond to economic and social development of regions and be linked to regional development policy.** Determining the geographic areas in which it is possible to provide financial support should not be strict and the Government should be given the power to update their list based on the current situation.

4.3.2 Other measures to promote the creation of new jobs

Financial support under investment incentives mentioned in the previous chapter is not the only measure to encourage job creation. Job creation is also supported by other AEP instruments, especially socially beneficial jobs, including support to start self-employment. **Especially the establishment of socially beneficial jobs must reflect both the economic characteristics of particular regions, as well as needs (or characteristics) of job seekers in a given place and time, and should therefore be focused on areas having problems concerning job creation according to specific structures of job seekers.** When creating jobs, it is also appropriate to take account of transport accessibility and endowment with both services and infrastructure. Jobs (socially beneficial jobs) should also be created using business plan with a positive impact on localities which are socially excluded or at risk of social exclusion. When deciding to provide support, emphasis should be placed on the sustainability of jobs and also on accompanying measures that may promote the creation of new job opportunities – i.e. positively affect the compliance between employers' demands for labour and the characteristics of free labour.

The promotion of the creation of new jobs may also be appropriately supplemented by supporting job seekers to start self-employment. However, the current system needs to be revised in order to increase its efficiency. Currently, the Ministry of Labour and Social Affairs provides such support in the form of limited acquisition of basic entrepreneurial competences through retraining courses for job seekers, and by providing a relatively low contribution to start business. **However, in order for a new entrepreneur to become fixed in the labour market, it is absolutely essential that the entrepreneur continues to be supported even after the start of self-employment, which may contribute both to fixing the new entity in the market, and ensuring its growth potential with positive impact on job creation.** Counselling support system should be able to provide job seekers with such competences and information that will not only enable them to start self-employment, but also allow them to apply for financial support other than that provided by the LO CR.

Currently, business based on the principles of social economy is developing as an alternative form of promoting job creation for people with difficult access to employment. Social entrepreneurship combines the economic principle (generating a profit from economic activity and returning most profits back into the company) and the social principle (employment of disadvantaged people and promoting social and occupational integration), the environmental principle and the principle of community development and local sites (the use of local resources and meeting local needs). **Given the wide scope of the social economy, it is an issue which, in order to achieve all its principles, involves multiple ministries. It is therefore necessary to find a wider consensus on this sector of the economy, especially among the MLSA, MIT and MRD.** In terms of employment policy, however, tools will be ready for pilot verification to support work integration of disadvantaged groups, including this support in social enterprises. Further development of social entrepreneurship is also necessary to ensure the development of support networks, including counselling to start social enterprises, particularly in collaboration with the MIT, which is responsible for the development of entrepreneurship in the Czech Republic. Sustainability of social entrepreneurship will also help improve socially responsible public procurement, the Public Procurement Act being the responsibility of the MRD. Finally, it is also useful to provide support for the social economy under support for regional development (also in cooperation with the MRD within the possibilities of the regional development policy). In order to fulfil all aspects of the

²⁴ Examples include the industrial zones Mošnov and Hrabová in the district of Ostrava, Paskov in the district of Frýdek-Místek or Triangl in the district of Louny.

social economy, it is also necessary to involve in the support complex and development of social economy the Ministry of Environment so as to ensure that the support of social enterprises also follows the policy of environmental protection and allow effective promotion of sustainable development.

Other options to potentially support the creation of new jobs include those segments of the economy, which currently belong to grey economy. These include e.g. domestic services that are provided on the basis of neighbourly help and non-formalized (non-legalised) relationship. Consideration will therefore be given to using this segment of the economy and the ways to formalize it, evaluating the possible forms of support or subsidies for such work in order to make them more attractive to users. In this case it is absolutely necessary to make a thorough assessment of the impacts of this intervention on small and medium sized enterprises, especially licensed trades.

However, the current development of the economy and the labour market shows that it is necessary to focus not only on promoting the creation of new jobs across the board, but we must respect the specific regional problems, including the targeting of support for job creation to the most affected regions. Finally, it is necessary to pay attention to the preventive nature of the instruments and active employment policy measures (especially in the form of maintaining employment of vulnerable groups), deal with increasing seasonal differences between employment and unemployment and prepare measures that will be able to respond flexibly to any further turbulences in economic developments.

4.3.3 Active employment policy

The existing system of active employment policy (AEP) instruments has a considerable degree of flexibility and covers basic forms of employment support (support for creating jobs for disadvantaged groups and support for their employability).

The fundamental and long-term problem of the AEP in the Czech Republic is its long-term underfunding compared with other countries. Expressed as the ratio of AEP spending to GDP, 0.1% of GDP was spent on AEP in 2011 and 0.17% of GDP in the year before²⁵. Data from the OECD and EUROSTAT show that the Czech Republic spends less on AEP than the EU-27 average.²⁶ This results in the low participation of job seekers in these instruments (in 2011 only 12.8% of job seekers in the Czech Republic). However, AEP has a clearly positive impact on the chances of high-risk / vulnerable groups to leave unemployment and succeed in the labour market²⁷. At the time of insufficient job creation, instruments aiming at direct employment of the disadvantaged groups in the labour market have proved to be effective. **In order for the AEP instruments to become truly effective in promoting employment in the ongoing economic recession and contribute to the generation of new jobs, it is necessary to increase personnel capacity and funding for its implementation.** Sufficient attention must also be paid to eliminating some of the negative effects of AEP.

Another problematic issue of the AEP point in the Czech Republic concerns the targeting of groups that really need intervention in the labour market. **It is necessary to optimize the amount of provided**

²⁵ Analysis of trends in employment and unemployment in 2011, MLSA 2012, available at: http://portal.mpsv.cz/sz/politikazamest/trh_prace/rok2011/Anal2011.pdf.

²⁶ OECD and Eurostat data show that the share of AEP spending in the Czech Republic in 2010 stood at 0.22% of GDP. EU27 average is around 0.5% of GDP. Different data can be due to different methodology of what is regarded as AEP. MLSA data apply only to those AEP instruments AEP, which are defined as such by law. Act 435/2004 Coll., the Employment Act.

EUROSTAT: www: <http://appsso.eurostat.ec.europa.eu/nui/setupModifyTableLayout.do>

OECD: www: <http://stats.oecd.org/Index.aspx?DataSetCode=LMPEXP>

²⁷ HORA, Ondřej; SIROVÁTKA, Tomáš: *Comparison of the effects of active employment policy in the Czech Republic in the growth period (2007) and during the first phase of the crisis (2009)*. RILSA, Prague 2012, www: http://praha.vupsv.cz/Fulltext/vz_346.pdf (21. January 2012), p. 31. The argument stems from the conclusions of "pairing" the participants and non-participants. The study also defines the limit of 6 months of LO registration as a limit when a significant handicap of persons in the labour market starts to show, and it is necessary to intervene in his or her favour. The same conclusions (positive net effects of AEP for risk groups of job seekers) are also presented in other studies, e.g.: Team of authors: *Profiling and targeting for employment services*, RILSA, Prague 2009.

assistance according to the disadvantage in the labour market, as well as increase the targeting of the instruments. The basic indicator for providing interventions should be the individual assessment of clients' needs and their labour market position based on their prospects for getting and keeping a job, taking into account the period of time they were registered with the LO CR. To effectively use the AEP instruments, is also necessary to ensure sufficient capacity of the LO CR, both in technical and personnel terms, including the establishment of an effective network of information and counselling centres of the LO CR. It is imperative to work not only with the actual clients – job seekers or persons interested in a job, but also with employers, and co-operate with local authorities and non-profit sector. Given that counselling forms an integral part of AEP, the MLSA will continue to strive to comprehensively work with other client groups, especially the youth, pupils and students in choosing a future profession (i.e. including studies). The development of other activities will also focus on counselling in order to get a job not only in the Czech Republic, but also abroad. Finally, the LO CR should become involved in processes related to the recognition of the results of further education, including informal education. It is necessary to also strengthen knowledge about the functioning of AEP instruments, including their negative impact on the labour market and the ability to identify and eliminate these impacts.

Finally, it will be necessary in future years to emphasize the combination of existing instruments in comprehensive measures, taking as an example the currently implemented measure "Vocational Practice for Young People Aged up to 30". The current economic situation with a significant "queuing" effect often makes the use of only one instrument ineffective, because it leads to the removal of only a part of the disadvantages. Ultimately, less money is spent, but with little effect on improving the situation of the unemployed person (the provided support is not sufficient to lead to the success of the supported person in the labour market).

Despite considerable flexibility of the existing AEP instruments, there are groups and forms of support in the labour market that are difficult to reach with existing instruments. They especially include vulnerable people who are already employed, but whose vulnerability in the labour market persists. These persons mainly include those who are socially disadvantaged (usually people who are socially excluded or at risk of social exclusion), which must be "fixed" in their jobs, or persons who are at risk of being laid off and where it is obvious that their individual characteristics make it impossible to facilitate for them another job in the event of a job loss. In such cases, the Employment Act allows the validation of new instruments and their implementation in case their impact on the labour market is positive. **Therefore, in the future, use will be made of the possibilities to create specific measures targeting specific disadvantaged groups in the labour market with the maximum possible use of existing instruments or their modifications and combinations, with an emphasis on comprehensive instruments focusing on the integration of disadvantaged persons into the labour market, including counselling and assistance measures** (e.g. the introduction of case management into the practice of the LO CR). **The effectiveness of AEP instruments in the target groups will also be regularly evaluated.**

4.3.4 Summary of measures:

A1a	modification of the system of investment incentives (the amount of financial support and target geographical areas)
A1b	support for job creation through active employment policy instruments, especially in problem regions
A1c	support for counselling activities of the LO CR both towards job seekers / persons interested in a job, and employers
A1d	Revision of support for new self-employed persons, including promoting access to additional funding and development
A1e	support for social economy principles with an emphasis on fulfilling all its aspects based on multi-ministerial approach (access to funding, development of support networks, clear definition and finding the objective of the social economy)
A1f	increased funding for AEP

A1g	increasing the efficiency of targeting AEP instruments according to the specific needs of disadvantaged groups in the labour market with potential use of profiling the unemployed persons and evaluating their position in the labour market
A1h	using innovative AEP measures with emphasis on their comprehensive nature and coherence of individual measures and instruments according to the individual needs of clients with regular evaluation
A1i	strengthening cooperation with regional labour market players in implementing active employment policy
A1j	Verification of preventive instruments and measures of active employment policy to support the maintenance of employment of specific groups, particularly those who face worsened labour market position in the case of a job loss.

4.3.5 Vision: Enough jobs to ensure the effective functioning of the inclusive labour market and enabling the balancing of regional labour market disparities

The measures provided in this part of the Strategy seek to promote job creation and their facilitation to unemployed persons. **These measures will respect equal access to employment and, based on an individualized approach, take into account the needs of the most vulnerable groups in the labour market.** Early identification of disadvantaged persons and identifying the nature and severity of their disadvantage based on an individualized approach will make it possible to appropriately target support at vulnerable persons through AEP instruments. **Application of individualized approach, profiling of unemployed persons according to their disadvantage and distance from the labour market, and appropriate targeting of individual AEP instruments in facilitating employment will strengthen the prevention in the labour market.** However, the instruments to support job creation require synergies with measures aimed at addressing the issues of specific disadvantaged groups, which are listed in Chapter 2.4. **The application of instruments to support job creation will respect not only the specific problems of vulnerable groups, but also the specificities of each region so as to make it possible to reduce regional labour market disparities.** The Labour Office and the Ministry of Labour and Social Affairs are the primary owners of the proposed measures (in direct implementation).

Promotion of job creation will not only focus on their creation across the board, but will also contribute to reducing regional labour market disparities, respecting the specific regional characteristics and problems and ultimately focusing on maintaining existing jobs, especially for specific target groups (e.g. those approaching retirement age).

Promoting job creation and modifying the implementation of active employment policy instruments aims to achieve the national employment policy objectives, particularly achieving 75% employment rate in the age group 20–64 years and achieving national sub-objectives: employment of persons aged 55–64 at 55%, reduction in unemployment among young people aged 15–24 to one-third of 2010. They will also contribute to achieving the sub-objective of reducing unemployment of low-skilled persons by a quarter compared to 2010 and strengthening the position of other disadvantaged persons in the labour market, including their integration into majority population. However, these objectives may only be achieved in the case of economic recovery in the Czech Republic. Successful implementation of the measures requires well-functioning employment services, particularly the Labour Office with sufficient personnel and technical endowment, and support for strengthening the key role of the LO CR in the implementation of employment policy in regions.

4.4 Promoting employability of disadvantaged groups

4.4.1 Youth

Youth Guarantee programme is the key instrument for tackling unemployment and inactivity of young people under 25 in the upcoming period. The programme aims to contribute significantly to the achievement of national objectives and sub-objectives of the Czech Republic in the framework of the Europe 2020 strategy, namely to reduce unemployment rate among young people aged 15-24 to 12.3% and the unemployment rate of low-skilled persons (ISCED 0–2) to 18.8% by 2020.

The Youth Guarantee programme, the Government of the Czech Republic²⁸ guarantees that every young person under the age of 25 will receive a high-quality job offer, further education, professional training or an apprenticeship within four months after becoming unemployed, completing formal education or dropping out of the formal education system. The offer of further education also applies to the high-quality training programmes that lead to recognized qualifications. The MLSA in cooperation with the MEYS is the leading manager responsible for the programme; the measures of the MLSA primarily focus on addressing their current unemployment and inactivity, while the measures of the MEYS primarily focus on adapting the outcomes of initial education to the needs of the labour market (prevention).

The main implementer of the Youth Guarantee programme is LO CR, its regional offices and contact offices, which will work with other players in the labour market at regional and local level, employers, schools and educational institutions, regional bodies, etc. Measures will be financed from the State budget, from OP Human Resources and Employment and the following OP Employment, which is being prepared for the programming period 2014+.

In the NUTS 2 Northwest (Karlovy Vary and Ústí regions), the issue of youth unemployment and inactivity will be addressed using funds from the Initiative to Support Youth Employment, which will be allocated to the Czech Republic by the European Commission under OP Employment 2014–2020. These funds are designated for NUTS 2 regions, where the unemployment rate of young people under 25 in 2012 exceeds 25%. The Northwest region is the only region in the Czech Republic to have fulfilled this condition, having its youth unemployment rate at 28.2% in that year.

Preventive component of the measures will consist of early intervention and activation, so that young people do not leave the education system prematurely and enter into the register of job seekers. **Awareness campaign aimed at young people will form its key element.** The campaign will be provided mainly through **career counselling in schools and in cooperation with information and counselling centres and LO CR offices at regional and local level.** The aim is to provide young people with the necessary information about all available programmes and projects in specific regions and localities. Young people will be familiarized with the activities and measures of national and regional character, as well as all EU initiatives, such as EURES, Erasmus+, Socrates, volunteering, etc. In connection with this objective, it is necessary to promote the development of information and counselling centres (ICCs) in the area of equipment and personnel reinforcement. **Equipment endowment and functionality of the ICCs must undergo a revision, relying partly on existing surveys.**²⁹ Personnel reinforcement must contain both quantitative component, in order to ensure sufficient staff, and qualitative component providing the necessary skills and expertise of the ICC staff. In cooperation with the MEYS, the MLSA and LO CR will focus on further development of career counselling and the establishment of joint management of both Ministries, including the interconnection of activities and cooperation between ICCs and schools.

Support will also be provided to the LO CR activities focused **on employment facilitation, creation of permanent and temporary jobs for young people and connection of retraining with professional**

²⁸ The implementation plan of the Youth Guarantee programme, which was approved at the Meeting of the MLSA management on 28 November 2013 and by the Committee for EU at ministerial level of the Office of the Government on 4 December 2013. It was subsequently submitted to the European Commission. See <http://portal.mpsv.cz/sz/politikazamest/zarpromla>

²⁹ In order to implement the changes, it is possible to use the outputs of project HC 207/10 "Analysis of the Activities of Information and Counselling Centres of Labour Offices within the Transition of Young People to Labour Market", which was contracted by the MLSA.

qualifications, and thereby on increasing the employability. The **MLSA will seek to set the educational system in a way** that would provide young people with the knowledge and skills that are necessary to succeed in the labour market. In this context, it seems suitable to include cross-cutting themes focused on career choices in education; however, these topics should not be taught only declaratively and should be also based on acquiring expertise (not at their expense). The education system should also be able to provide pupils and students with the skills that match the current needs of employers, particularly in sectors that have the potential to generate more jobs and further development. **Support will be provided to those activities which facilitate the transition from initial education to the labour market, such as traineeships and work placements in companies. Support will also be provided to activities aimed at identifying future skills requirements.**

The document entitled "Implementation Plan for the Youth Guarantee Programme"³⁰ is the basic document implementing the measures to support employment of young people in the Czech Republic. The above activities generally follow up on the problems of the target group in the entire spectrum – i.e. on improving the understanding of young people of the labour market, including support for the choice of appropriate occupational training, improving the educational level of recent graduates, enhancing their practical skills and finally support the creation of jobs, including jobs to gain practical skills.

4.4.2 Older persons

Support for older people in the labour market should particularly aim at preventing and maintaining employment. This includes the prevention of job losses and unemployment, as well as the prevention of premature departure into inactivity. **The basic instrument of this prevention should consist in appropriate career counselling** throughout the working life of an individual. **It is also necessary to encourage professional mobility of older employees allowing not only a career (and employer) change in older age, but also transfer to other work with the same employer.** Possible counselling instruments in the Czech Republic and in other countries could include balance diagnostics, which should be provided to all adults who are motivated to work, look for a change of profession, job or are interested in another position with the current employer. **Promoting lifelong learning and encouraging employers to develop their human resources or adapting workplaces plays a dominant role in this process.** In the context of the current demographic development, it is necessary to ensure the extension of working lives of workers, as well as encourage intergenerational change and solidarity. Emphasis should therefore be placed on supporting smooth intergenerational change, including its implementation in company management tools and human resources development, while maintaining security of older workers (e.g. by transforming them into mentors etc.) as well as sufficient flexibility of the labour market allowing the elimination of uncertainty of the employer associated with hiring older workers. For this purpose, we are currently preparing the project "Generational tandem – support for generational change", which would should practically verify the possibility to use support for generational change. All these measures can be summarized under a single term – **support for age management.**

Therefore, measures to promote employment of older workers will respond to the problems associated with lower occupational mobility of older workers, their lower skills, increasing uncertainty in the labour market with increasing age, and finally to eliminating prejudices of employers, including their reluctance to create jobs for older workers.

The issue of support for active ageing, which is a prerequisite for extending working life, is generally addressed in more detail in the National Action Plan to Support Positive Ageing 2013–2017.

³⁰ http://portal.mpsv.cz/sz/politikazamest/zarpromla/zarpromla_realizacni_plan.pdf. The programme was approved by the meeting of the MLSA management on 28 November 2013, by the Committee for the EU at the ministerial level of the Office of the Government on 4 December 2013 and it was subsequently submitted to the European Commission. The Youth Guarantee programme has been prepared in accordance with the recommendations of the European Council on Youth Guarantee Implementation of 22 April 2013.

4.4.3 Low-skilled persons and persons at risk of social exclusion

Addressing the issue of social exclusion should be one of the priorities of State policy both in the social area and employment and regional development. However, addressing this issue requires close cooperation between the State administration and self-governing authorities. Although significant, employment policy is not dominant in this area. **Emphasis should be placed on the interdependence between social policy and employment policy**, not only at the state administration level, but in cooperation with local self-governing authorities. For this purpose, it is possible to use the internationally accepted method of "case management" based on the principle "first stabilize job seekers socially, then in terms of labour". In the area of employment it is necessary to support the creation of employment opportunities for people who are socially excluded, which must be supported by additional social work. Socially excluded persons must be provided not only with access to the job itself, but also (because of their individual characteristics) with sufficient support network, which will "fix" them in the labour market and provide them with support to allow them to escape the social exclusion trap. This includes **measures to assist and train these persons to find a job as well as measures to assist employed persons to keep their job**, both through employment services, and in cooperation with NGOs and local self-governing authorities. In cooperation with local self-governing authorities, it is **necessary to develop activation measures both through short-term jobs and through public (and similar) services**. **Emphasis should be placed on financial literacy** so as to remove one of the reasons for refusal of employment – high indebtedness and property seizure. Suitable measures to fix socially excluded persons in the labour market include social integration at the workplace, e.g. through social enterprises, which, in addition to generating jobs, also have a social purpose (promoting integration and personal development of employees from the target groups). To effectively use the instruments supporting socially excluded persons, especially in connection with their over-indebtedness (property seizure), it is necessary to find the optimal boundary between social income and employment income. **Therefore, the motivation to accept employment must not only be increased by restricting social benefits, but also by widening the gap between social income and employment income, including the possible concurrence of both incomes.**

4.4.4 Persons with disabilities

The promotion of employment of people with disabilities should aim to use medical, social and vocational rehabilitation to contribute to full inclusion of people with disabilities into the open labour market (if allowed by the medical condition of the PWD). In terms of employment in this area, use can be made of vocational rehabilitation, which is best suited to promote lasting and sustainable participation of people with disabilities in the labour market. However, it is currently necessary to **extend the use of vocational rehabilitation**, especially vocational training for work in workplaces of (potential) employers. This form of assistance for the integration of people with disabilities into the labour market should precede the direct support provided to employers, i.e. first it is necessary to prepare people with disabilities to work at the employer's workplace and then it may be followed by an employment relationship. Simultaneously, it is necessary to provide the LO CR with sufficient expertise for individual approach to people with disabilities and professional conduct of vocational rehabilitation, and it is necessary to create a functioning network of advisers for vocational rehabilitation³¹. These steps must be taken with regard to ensuring the right of persons with disabilities to rehabilitation and to ensuring coordinated rehabilitation.

Then we can consider changing the parameters of the current instruments used to support the employment of people with disabilities in order to integrate persons with disabilities into the open labour market. Currently, the instruments to support employment of persons with disabilities are almost exclusively focused on supporting the employment of these persons in protected labour market. It would therefore be possible to consider e.g. the provision of social insurance relief in case of employing persons with disabilities in the open labour market.

³¹ To create and set a network of advisers and a system of vocational rehabilitation, use will be made of the outcomes of the project "Regional Networks of Cooperation in Vocational Rehabilitation", Reg. No.: CZ.1.04/2.2.00/11.00008

Revision should also be made of the system to comply with the "**mandatory share**" **obligation to employ PWDs**, to ensure that companies prefer to comply with this obligation by directly employing persons with disabilities.

4.4.5 *Summary of measures:*

A2a	Development of information and counselling centres of LO CR, including their interconnection with lifelong career counselling.
A2b	Development of career counselling in relation to pupils and secondary school students in collaboration with educational institutions, as well as throughout working life of an individual.
A2c	Promoting lifelong learning and professional mobility, including support for transfer to other work with the same employer.
A2d	Support for the introduction of age management.
A2e	Support for assistance services in relation to employing people who are socially and otherwise disadvantaged.
A2f	Development of activation and motivational labour market measures, including measures aimed at reducing the dependence of certain groups on social income.
A2g	Support for the development of general competences necessary to succeed in the labour market.
A2h	Introduction of instruments or adjustment of the parameters of existing instruments to support people with disabilities in the open labour market.
A2i	Adjusting the parameters of the mandatory share for the employment of persons with disabilities.
A2j	Extending the use of vocational rehabilitation and coordinated rehabilitation.

4.4.6 *Vision: Inclusive labour market that allows equal access to employment for all groups, especially for the most disadvantaged persons*

The measures referred to in this chapter are complementary to the measures in Chapter 2.3 in relation to enhancing the employability of the most vulnerable groups of people in the labour market. Their successful implementation therefore requires their mutual synergies. Given that these measures in particular target human resource development and improvement of the position of people in the labour market, they will be financed mainly by the future Operational Programme Employment. **The implementation of the proposed measures, while maintaining ties to the measures under Chapter 2.3, in particular measures A1c, A1f, A1g and A1h, will contribute to ensuring the provision of personalized services on the labour market to the most disadvantaged groups.** Activation measures, counselling activities and support for assistance services will not only strengthen the preventive component of active employment policy instruments, but will also support vulnerable groups in their (re)entry to employment and their subsequent long-term inclusion in the labour market. Long-term integration into the labour market is in particular targeted by measures in the area of support for employing people with disabilities (A2h, A2i, A2j), while socially excluded persons are targeted by

measures A2e, A2f and A2g. In the area of prevention, it is necessary to reach out to especially young people, so that they can be supported in their transition from the education system to the labour market. For this purpose, the MLSA has prepared an Implementation Plan for the Youth Guarantee Programme, which elaborates the various sub-tasks in the support of youth employment, including quantification of its objectives³². Introducing age management, supporting the development of lifelong career counselling and support for processes of occupational mobility throughout their professional lives will ensure the prevention of unemployment of older people or their premature departure into inactivity.

The aim of all the above measures is therefore provide personalized services in the labour market in order to contribute to the employability of disadvantaged groups in the labour market as well as to protect them from becoming unemployed or economically inactive. Then quantified objective is then to achieve the national employment policy objectives, i.e. achieving a 75% employment rate in the age group 20–64 and sub-objectives of achieving a 55% employment rate in the age group 55–64, reducing the unemployment rate of persons aged 15–24 by one third compared to 2010, and reducing the unemployment rate of low-skilled persons by a quarter compared to 2010. In addition to these quantified objectives, it is also necessary to achieve the non-quantified objectives – strengthening social inclusion and combating social exclusion and poverty, improving adaptability of the workforce and providing appropriate support to disadvantaged persons in the labour market based on personalised approach respecting the reasons of their vulnerability in the labour market.

Implementing the measures and achieving the above objectives requires effective functioning of public employment services – especially the key institutions of the LO CR – and their cooperation with other players in the labour market. Finally, as in the other cases, it is necessary for the Czech economy to recover in order to able to generate enough jobs even for persons whose current barriers preventing them from entering the labour market will be eliminated thanks to above measures. In the absence of economic growth in the Czech Republic (annual GDP growth of at least 3%), we cannot expect that the above mentioned measures will achieve the declared objectives.

³² The Implementation Plan of the Youth Guarantee programme is available at:
http://portal.mpsv.cz/sz/politikazamest/zarpromla/zarpromla_realizacni_plan.pdf

5. Priority 2: Promoting equality between women and men in the labour market

Women in the labour market in the Czech Republic have consistently been given special attention. Although this issue could be thematically included under the previous priority, the issue of women has been set aside as a separate section in the Employment Policy Strategy 2020 for the following reasons:

- Maintaining continuity with the already developed materials, in particular the Employment Policy Concept 2013–2020 and the draft Operational Programme Employment.
- Persisting problem of women in the labour market and its horizontal nature (cuts across all categories in the previous priority).
- The issue of women in the labour market is important, not only with regard to persistent disadvantage and discrimination of women in the labour market, but also in terms of finding new sources of workforce due to negative demographic trends and the loss of productive segments of the population.

5.1 Women in the labour market

Women constitute a specific group in the labour market, both women in one of the categories of disadvantaged persons referred to in the previous priority, and women in those categories that are otherwise not disadvantaged in the labour market. The participation of women in the labour market will be emphasised more in the coming years, particularly in relation to the need to find new sources of workforce due to its gradual reduction. This is due to their lower employment, even in otherwise relatively trouble-free groups of people in the labour market.

In terms of gender, women were dominant in the register of job seekers until 2008. However, this trend was reversed during the worst impact of the economic crisis (2009–2011), with a temporary domination men; this was due to the impact of the economic crisis particularly on those sectors dominated by male workers. In the following years, there was a gradual balancing in the gender distribution of job seekers; women do not show such significant seasonal fluctuations and so their share in the total number of job seekers oscillates during the year.³³

However, the employment rate and specific unemployment rate (specific share of the unemployed) is a far more important indicator. The employment rate of women in the age group 20–64 is one of the national employment policy objectives, whose value is to reach 65% by 2020. In 2010, the indicator stood at 60.9% and has been increasing since, reaching an average value of 63.8% in 2013, and even 64.3% Q4³⁴. **However, the employment of women is internally very heterogeneous, depending on the age group, especially in comparison with men. The lowest employment rate of women is in younger (under 35 years) and older (55+) age groups.**

In connection with lower employment of women as compared to the male population, it is necessary to point out that in the future it will be one of the most important sources of labour. The employment rate of men in age groups 30+ exceeds almost 90%, while the age group 55+ exceeds 80% of employment. In the case of men, therefore, it will be very difficult in the future to find spare resources, which could replace the loss of productive segments of the population due to demographic change. In contrast, there are significant spare resources in the case of women, especially in the age group 25–40. It

³³ As an example, as of 30 April 6. 2012, the share of women in the register of job seekers stood at 51.5%, decreasing to 48.9% at the end of the year and increasing to 49.8% in the first half of 2013.

³⁴ Employment and unemployment according to the LFS – annual averages 2013, CSO, available at: <http://www.czso.cz/csu/2014edicniplan.nsf/p/250132-14>. In Q1 reported a slight decrease to 64% due to seasonal end of certain work and end of fixed-time employment contracts at the end of the previous year. The increase in employment is primarily attributable to higher age groups, especially the category 55–59 with an increase of 4.6 percentage points in the course of 2013, probably due to the increase in the retirement age.

is also necessary to point out that the level of education of women rises more steeply than the level of education of men.

The factor that most significantly affects the employment of women in younger age groups is motherhood. Employment of mothers in the age group 20–49 with one child under 6 years continues to be below the EU average, despite improvements in recent years. Eurostat data put their specific employment rate in 2013 at 40.5%, the EU 27/28 average in the same year being 65.2%, with only Slovakia and Hungary placing worse than the Czech Republic³⁵. Lower employment rates of older women is related to a lower retirement age, which is probably evidenced by increased employment in the age group 55+ in recent years, as well as alternative care for close persons (especially elderly parents or grandchildren) due to insufficient availability of facilities caring for these people. **Therefore, the basic problem of the employment of women is therefore insufficient space for the reconciliation of family and working life, the main problem being the inability to find high-quality and affordable child care** (and also care for elderly parents) during employment. Availability is problematic not only for geographic or economic reasons, but also in terms of time availability, which does not meet the requirements for working times of mothers. High quality preschool education does not only affect the employment of mothers, but also their social integration and the whole learning process, resulting in extreme cases in delaying and extending schooling, manifested in the delayed entry in the labour market (of mothers as well as their children in the future). The availability of high quality care for preschool children in the Czech Republic has been consistently criticized by the European Commission.

Experience in recent years has shown that placing a child in a kindergarten is becoming increasingly problematic in the Czech Republic, especially in some areas. The number of rejected applications for admission to kindergarten is constantly increasing, in the last 4 years by about 10,000 rejected applications annually. While in the school year 2005/06 there were 6,810 rejected applications, the number increased to 58,939 applications in the school year 2012/13. This situation is mainly due to the increasing number of children born in 2007–2010. Projections of the population of the Czech Republic until 2065 expect in the coming years a gradual decrease in the number of births, with a decline in births in 2020 to the level of 2005. In the school year 2008/2009 there were approximately 20,000 rejected applications for admission to kindergarten (i.e. applications submitted by parents of children born in 2005). As a result, despite the expected decrease in the number of births in the following years we can still expect inadequate capacity of childcare facilities for children of preschool age. However, given the importance of preschool education for social integration and further education, it is necessary to focus not only on the quantitative component of preschool education, but also on its quality. However, problematic situation persists in the case of childcare facilities for children aged under 3, which could facilitate earlier entry of parents into the labour market. In the Czech Republic, formal day care facilities that are directly intended for this age group (i.e. crèches), are only attended by about 2% of children under three years of age. However, 27.5% of children aged 2–3 attend kindergartens, although these do not specialise in children of this age. The percentage of children aged under 3 who attend a formal childcare service facility thus stands at approximately 10.5%. The capacities of formal facilities for children aged under 3 have dropped significantly during the nineties. While in 1990, there were over one thousand nurseries the Czech Republic, in 2010 it was only 46. As a result, the capacity of childcare services for children aged under 3 in the Czech Republic is very inadequate; moreover, as of 31 December 2013, crèches as medical facilities were removed from legislation without compensation.

Standing outside the issue of employment, although having negative effects on it in younger age groups, is **also the problem of complementarity of motherhood and education** (particularly with regard to the extending period of studies), which significantly delays the entry of young mothers into the labour market and significantly postpones their professional and career development with a negative impact on their remuneration and the discrimination against women of working age in the labour market resulting from employers' concerns regarding their (potential) motherhood.

The problem of motherhood lies not only in economic inactivity of mothers during maternity leave, but also in the long separation from their professional lives and the resulting obsolescence of their skills. After returning to the labour market, women find their employability significantly reduced, not only because of the need to provide for further childcare and education, but also because of more significant mismatch

³⁵ EUROSTAT, table lfst_hheredch. The percentage stood at 36.3% in 2012, 32.1% in 2010 and 30.4% in 2008.

between the skills needed by employers and those offered by women. **Long-term separation from the labour market in the current rapidly changing economy significantly contributes to the loss of competitiveness in younger women of working age in the labour market and to their disadvantage against men**, including limited further professional growth. The period of parental and maternity leave is one of the longest in Europe as well as worldwide; however, this is given by the overall concept of family policy and approach to family in the Czech Republic.³⁶ Nevertheless, as already mentioned above, the educational level of women is currently increasing faster than that of men.

Other barriers related to motherhood include **insufficient use of flexible work arrangements**. Despite this, however, recent years have brought improvements in this area. Since 2009 we can see a gradual increase in the number of persons working part-time. While for men it was a temporary increase due to introducing alternative forms of labour market flexibility as a response to the economic crisis, the increase has been permanent in the case of women.³⁷

Barriers to the use of flexible work arrangements, namely part-time jobs, are due to the approach of both the employees and employers, and in the general socio-cultural and legal environment in the Czech Republic. Labour legislation of the Czech Republic (Act no. 262/2006 Coll., the Labour Code) does not prohibit the creation of part-time jobs; however, it generally does not support them and has a considerable degree of "neutrality"³⁸. From a subjective point of view of employees, **the protection of employees working in part-time employment is questionable** (e.g. overtime, job security). In addition to reduced security, **economic reasons represent a significant barrier for employees, which is associated with lower remuneration**, which in the case of low-income groups may not cover the increased costs incurred as a result of accepting employment (commuting, providing for the care for children / close person). **Barriers for employers include those which consist in increased administrative and organizational burdens and also in economic reasons** (minimum assessment basis of health insurance, equipment for more workplaces). However, part-time jobs are not the only forms of flexible work. In connection with motherhood, it is advisable to also encourage other alternative forms of work, especially with the increasing technological advances that enable greater use of other forms of work such as work from home.³⁹

However, the disadvantaged position of women in the labour market is not related only to the above objective reasons, but also to the discriminatory approach of employers arising from socio-cultural environment of the Czech society. **Women are generally rewarded worse than men for the same work**, especially in younger childbearing age. The difference in the remuneration of men and women, expressed through the gender pay gap (GPG) on median wages stood in 2011 at 15.6%, and culminated in the age group 30–39 at 22%.⁴⁰ Lower remuneration of women leads to greater financial dependence and higher vulnerability to poverty. The differences in the remuneration of men and women are due to the fact that more women are employed in low paid sectors (services, education, health, public administration) as well as to worse career opportunities, i.e. career interruption due to motherhood, which is difficult for women to compensate later. **In the Czech labour market, women are also discriminated by the segregation of the labour market to sectors, industries and positions. Only 4% of women work in managerial positions; this difference stands out in comparison with the average higher education in women**⁴¹.

³⁶ See, e.g.: OECD (2012), OECD Family Database, OECD, Paris (www.oecd.org/social/family/database), table PF 2.1. Data of 2011, in the Czech Republic maternity and parental leave is put at 164 weeks, longer leave in EU countries is only reported in Poland (180), Spain (172) and Latvia (169).

³⁷ Since 2009, the share of part-time jobs in employment of women oscillates between 9–10%, while part-time jobs of women in the total number of part-time jobs in 2012 stood at 71.3%, the percentage being even 86% in the age group 30–44. For men, the share of part-time work culminated in 2010, when it reached 3%.

³⁸ There is no obligation in certain situations to reduce working time or return to full-time employment after the reasons for part-time job cease to exist.

³⁹ However, the issue of flexible work arrangements also extends to the support of other high-risk groups, such as older people. However, given that it is most useful in the employment of mothers, it is classified under this group of problems.

⁴⁰ CSO data, available at: <http://www.czso.cz/csu/cizinci.nsf/tab/740026FA43>

⁴¹ Strategic evaluation of the ESF, p. 85

Problem:

- Lower participation of women in the labour market and lower remuneration for the same work

Causes:

- Career interruption due to parenting or child care as a result of insufficient options to reconcile family and working life.
 - Insufficient capacity and availability (regional and financial) of care facilities for children or close persons.
 - Insufficient use of alternative work arrangements.
- Socio-cultural environment insufficiently supports the concurrence of women's roles of a mother and an employee, including employers' prejudices.
- Gender imbalance in the sectoral structure of employment.

5.2 Measure

The primary role of employment policies in women's employment is to increase the reconciliation of family and working life and combat discrimination against women in the labour market. Measures are to be proposed at both legislative and non-legislative level, with interconnection with family policy, employment policy and equal opportunities policy.

5.2.1 Reconciling family and working life

The MLSA is aware of the insufficient supply of places in preschool and childcare service facilities as a barrier to entry or return of parents to the labour market and to the possibility of effective reconciliation of work, family and personal life. The MLSA aims to extend the range of childcare services, increase local availability and affordability of these services and enable various players to become involved in the provision of childcare services from an early age to the start of compulsory school attendance. **Support will not only be provided to the development of pre-school care facilities in the form of nursery schools run by the public administration, but also to the creation of childcare facilities by employers** (mainly in the form of tax relief and other bonuses) **or other alternative forms of child care.** These measures may, however, be affected by employment policy only indirectly in cooperation with the families and social policy of the State. It is also important to emphasize that the development of childcare facilities and the development of social services can positively affect the labour market by creating new jobs, e.g. for older people, provided that this development will be adequately supported by employment policy through the development of occupational mobility. Suitable forms for the creation and promotion of pre-school care also include social enterprises, which combine support for employment, as well as meeting the needs of local communities and social aspects.

Support will also be provided to activities, which will allow parents to continue professional development and to maintain contact with the labour market even during parental leave. **There will be retraining and additional training for parents on parental leave as persons interested in a job, in order to maintain their skills and facilitate their return to the labour market.** For this purpose, it is also appropriate to motivate employers so that they have an interest in maintaining contact with parents on parental leave. Maintaining contact with the labour market and professional life may also secondarily contribute to strengthening the role of fathers in upbringing of children, although this must be interconnected and subordinated to the needs of State family policy. Finally, support should be provided to **measures to facilitate alternation of parents on parental leave**, both to ensure the possibility of alternate child care in order to allow women on parental leave to maintain contact with the labour market, and to resolve adverse life situations, such as the unemployment of a parent who is not on parental leave.

Measures will be taken to strengthen the incentives for employers to create jobs for parents caring for children, especially pre-schoolers. **Alternative ways of promoting reconciliation of work and family life also include promoting the start of self-employment in (especially) women**, which allows women to organize their working life according to their needs and contribute more to aligning economic activity and parental responsibilities. In the case of this form of support, however, it is necessary to consider all the implications associated with the start of gainful activity for the target group, i.e. whether the supported person is actually capable of this activity over a longer period of time as well as with regard to the regional market (driving out other entities as a result of intervention or another competitive advantage – e.g. concurrence with parental allowance allowing price reduction).

These measures should not focus only on younger women who provide child care, but also on older persons, especially women, caring for close persons, especially elderly parents.

5.2.2 Flexible work arrangements

The use of flexible work arrangements is one possible solution to support the reconciliation of work and family life. First and foremost, flexible work arrangements include part-time jobs. Although it is a form of work arrangement which has historically never been supported in the Czech Republic, there are groups of persons who can benefit from part-time jobs to improve the reconciliation of their family and working life. Although the Czech legislation does not prevent their creation, it does not support their creation either. **First, there should be a change in the minimum assessment basis of health insurance** so as to remove the current situation, which, in the case of low-income persons, limits employers to create part-time jobs, because the existence of the minimum assessment basis makes it disadvantageous for employers to employ two employees in one job. **Creating a part-time job for parents with children or older people should be associated with a bonus for the employer.** At the same time, there should be increased awareness among parents on parental leave (and others) regarding the use of flexible work arrangements. However, supporting the creation of part-time jobs will respect the principles of flexicurity, that is, in addition to supporting their creation by employers, it will focus on eliminating barriers that limit the employees in accepting this form of work arrangement (adequate protection, economic reasons, career path). Part-time jobs are not the only flexible form of work appropriate to strengthen reconciliation of working and family life. **The MLSA will therefore also support other alternative work arrangements, e.g. work from home** (including the combination of workplace and home), which benefits both employees and their employers (lower operating costs).

5.2.3 Measures to support combating discrimination against women in the labour market

Consistent enforcement of the right to equal access to employment and remuneration should become the basic pillar of combating discrimination in the labour market. The enforcement of this right is largely limited by the willingness of the parties concerned to enforce it, or by a lack of awareness of one's rights. Being aware of the above, support will therefore be provided to activities aimed at supporting affected persons, especially (but not only) women in this context, in the field of combating discrimination. **Support will be provided to consulting activities ensuring public awareness and advocacy services for people affected by discrimination. Support will also be provided to education and awareness raising, including counselling on equal opportunities for women and men in the labour market in order to eliminate gender stereotypes and gender discrimination.**

5.2.4 Summary of measures

B1a	Support for the development of childcare facilities (increasing capacity, availability and quality).
B1b	Retraining and educational courses for parents on parental leave.
B1c	Support for women in starting business activities.
B2a	Support for the creation of part-time jobs (reducing administrative burden, adjusting the minimum assessment basis, increasing the security of those working part-time).

B2b	Support for other flexible work arrangements.
B3a	Consistent combating of discrimination in the labour market, including more precise text of legal regulations.
B3b	Support for counselling activities.
B3c	Support for advocacy services and education in relation to labour market discrimination.
B3d	Elimination of gender stereotypes.

5.2.5 Vision: eliminating the different approach to men and women in the labour market and higher participation of women in the labour market

Achieving employment rate of women aged 20–64 of 65% is the quantified objective of the measure under the priority "Promoting gender equality in the labour market", as well as one of national employment policy sub-objectives. The non-quantified objectives in particular include achieving equality of women and men in the labour market both in terms of access to employment and in terms of remuneration for work. The implementation of the above measures must be closely linked to family policy and labour legislation.

In the case of successful implementation of the proposed measures, the Czech labour market will sufficiently support the integration of women into the labour market, allowing the reconciliation of work and family life. As a result of this harmonization, we expect improved status of women in the labour market, their greater participation with a positive impact on career development, including gradual equalization of incomes by gender. Increased participation of women in the labour market will also make it possible to better cope with the expected decline in the productive component of the population. In addition to promoting reconciliation of work and family life, reducing the gap between men and women in the labour market must also be promoted through a consistent fight against discrimination and prejudices of employers and the entire society, including raising the legal awareness and building counselling networks to combat discrimination in the labour market.

6. Priority 3: Adapting the enterprises, employees and the unemployed to labour market changes and needs

This employment policy priority for 2020 is defined as a response to the persistent problems of the Czech labour market in insufficient occupational mobility of the workforce and its problems in the educational structure, especially in the compliance between employers' requirements concerning qualifications, skills and abilities and the potential of employees to provide them. Nevertheless, workforce adaptability to changing conditions is one of the basic requirements for a well-functioning and flexible labour market necessary for economic growth.

6.1 Problems

6.1.1 *Initial education*

Education is one of the means to ensure sustained growth, economic competitiveness and social cohesion, and one of the factors which influence labour market flexibility or occupational mobility of the workforce and its adaptability. **However, with regard to the dynamics of the economic system and technological development, the current initial education is not able to provide sufficient competences to individuals throughout their professional lives. At the same time the Czech education system faces problems of underdeveloped technical and vocational education, with problems in linking the education system to labour market needs.** Problems include the lack of fields focused on practice, particularly in undergraduate programmes of higher education. There is no link between the current requirements and knowledge of the practical employment to the educational system. With regard to demographic trends, the need to find spare resources and timely integration of young people into the labour market, other problems in recent years also include inappropriate extension of studies and delayed entry of graduates into the labour market. All of the above shortcomings of the education system are reflected in the mismatch between labour market requirements and the structure of graduates, leading to a paradoxical situation in the labour market, in which there are professions that lack workforce despite the high number of unemployed people and the high number of job seekers per vacancy. Employers tend to fill the gap in the labour market primarily by hiring foreign labour. Important impacts in the poor structure of initial education (graduates) also includes fragmentation of competences in career counselling between the MEYS and the MLSA, as well as lack of support for primary and secondary school students and their parents in career choice. There is insufficient emphasis on promoting proper choice of education with regard to the prospects of individuals in the labour market.

Other problems include a system of school financing dependent on the number of students and pupils in schools. With regard to the current demographic trends characterized by the declining number of children, this system leads to inadequate reduction of demands placed by the educational system on pupils and students in an effort to reach out to a wider group. It also leads to the establishment of fields, which, although attractive for young students, have little or insufficient potential for later success in the labour market.

Although the Czech Republic does not face a significant problem with school drop out in comparison with other EU states, it is necessary to also pay attention to this area, especially in the case of children with specific socio-cultural background.

6.1.2 *Further education*

In terms of employment, also problematic is the development of lifelong learning as a prerequisite for strengthening occupational mobility, including further vocational education. Professional development of employees and additional training in enterprises is one of the prerequisites for the development of the national economy and enhancing workforce adaptability to changing conditions.

In recent years, the Czech Republic saw a significant increase in the share of persons in the adult population participating in further education, particularly in 2011, when for the first time this indicator exceeded the EU average, reaching 11.4%, i.e. 3.9 percentage points more than in the previous year.

However, subsequent developments in 2012 showed that it was not a systemic change, as adult participation in further education fell to 10.8%. A decrease in participation continuously continued in 2013, further decreasing to 9.7%.⁴² It appears, therefore, that to permanently fix further education as a tool for human resource development, additional support will be necessary.⁴³

Employers' approach to education differs mainly with respect to their size, because it is mainly large corporations that provide their employees with different forms of professional development. In the results of Further Vocational Training of Employees in 2010⁴⁴, the CSO states that in 2010 72.2% of enterprises provided their employees with further vocational training, which is more than in the previous survey in 2005 (even taking into account the economic recession), but it does not fully meet the requirements put on businesses by the present day economy. The CSO also highlights the fact that there are a large number of entrepreneurs in the smallest two categories (up to 50 employees) who do not provide any further education to their employees.⁴⁵ The most significant barriers to the development of further education can be seen in small and medium-sized enterprises. **Another problem consists in the financial costs⁴⁶ or the need to give the employees time off to attend vocational training. However, the prevailing distrust of employers in the positive effect of employee development constitutes the most fundamental systemic problem.⁴⁷**

Although legislative basis for the interrelation between initial and further education already exists, practical implementation is inefficient and not very widespread. **One of the most significant limiting factors consists in insufficient counselling in this area, in particular the lack of an integrated system of career counselling,** which allows a smooth transition from initial education to further education and their effective interconnection. It is also necessary to streamline the cooperation between the MEYS and MLSA, including potential revision of the defined competences of both Ministries.

6.1.3 Anticipation of skill needs

Anticipating future requirements of the economy for skilled labour is an important prerequisite for creating long-term equilibrium between supply and demand in the labour market, preventing structural unemployment and the effective use of workforce. Its insufficient development is reflected both in initial education (setting of educational programmes) and in further education, where it is impossible to implement effective counselling and choose suitable (necessary) retraining courses. The business sector has a tendency to have the education system in a form that meets current, highly focused and immediately applicable needs. However, there is a relatively large degree of uncertainty about whether the demand for such jobs will locally be necessary in the longer term.

Problem:

- Widening mismatch between the skill needs of employers and skills of the workforce

⁴² DV Monitor, available at: <http://www.dvmonitor.cz/system-indikatoru/iv-vystupy/iv-0-ucast-dospelych-na-dalsim-vzdelavani/iv-0-1-ucast-dospole-populace> expressed as a share of persons who in the past four weeks participated in any form of education (formal or informal), in the population aged 25–64 (%).

⁴³ Significant effect on the increase in the share of the adult population participating in further education can be attributed to projects implemented under OP HRE, as the OP HRE 2011 Annual Report shows that in 2011 3.8% of all employed persons were supported by its Priority Axis 1 – Adaptability. This share is almost equal to the year-on-year increase in adults participating in further education.

⁴⁴ Further vocational training of employees in 2010, source: <http://www.czso.cz/csu/2013edicniplan.nsf/p/3311-13>. This statistical survey is conducted once every 5 years.

⁴⁵ Ibid. In terms of enterprises with 10–19 and 20–49 employees, 63% and 76% of employers, respectively, did not provide further vocational training in 2010.

⁴⁶ The CSO survey shows that the significance of financial issues grows with the size of the enterprise (i.e. it is a greater barrier to large employers rather than to small and medium ones).

⁴⁷ This is evidenced by the outcome of the CSO survey, which also included "existing skills" (i.e. justification of the need for further education) as a barrier to the participation in professional development. In this case, contrarily, there was a dominance of SMEs, and therefore we can indirectly conclude that these entrepreneurs do not attach importance to the education of their employees.

Causes:

- Outputs (skills of graduates) of initial education do not correspond to the needs of the labour market.
- Low occupational mobility of the workforce.
- Low participation of adults in further education.
 - Lack of interest of employees and employers in investing in professional development.
 - Financial costs of professional development.
 - The need to give the employees time off (or reserve the time) to participate in professional development.
 - Lack of confidence in the results of and the need to invest in professional development and education.
- Insufficient system of support for further education (administrative, financial, advisory).
- Insufficient data on the expected labour market developments.

6.2 Support for occupational mobility and compliance between skill needs of the labour market with workforce

6.2.1 Education and career choice

Although the area of education, especially in its initial stage, may be affected by employment and the MLSA only indirectly, the MLSA will focus on affecting the education system so that its setting is more relevant to the needs of the labour market. **Especially at the regional level, conditions will be created for a dialogue between employers and educational institutions and their founders** to adjust educational programmes so that they are able to provide graduates with relevant competences to succeed on the labour market.

The **MLSA will seek mutual definition of competences and cooperation with the Ministry of Education in the field of career counselling for pupils and students**, enhancing the activity of the information and counselling centres of the LO CR so that they are able to provide comprehensive counselling services in the field of career choice and training for this career. However, career counselling must be provided throughout the working life, not only upon first entry into the labour market or before it. In the case of the first choice of career or preparation for the career, cooperation will be developed with the founders of schools and pupils' parents. **Support will also be provided to activities allowing students especially those at secondary schools and universities, to gain practical knowledge in the practice of the profession for which they are being prepared, in the form of traineeships with employers.** In the case of graduates, consistency between the education system and the labour market will be strengthened by supporting **graduation traineeships and the creation of temporary and permanent employment opportunities** for graduates. To this end, dialogue will be maintained with employers in order to involve them more in these activities and make these activities more attractive to employers.

The MLSA will seek to **strengthen education in the area of financial literacy, necessary for preventing social exclusion and unemployment, as well as in the development of competences necessary for the labour market** and in understanding the labour market and work values as social values and basic sources of income. In terms of employment support, initial education must also include education in basic civic responsibilities. Education in these areas should, however, be based on other subjects and not be an end in itself, otherwise it would have no effect and deepen the decreasing level of expertise of the Czech education system.

In order to ensure greater consistency between the requirements of the labour market and the qualification structure of graduates, we will **create and support a skill needs anticipation system**, which may both serve to set the fields of initial education, as well as contribute to greater efficiency further vocational training and setting of retraining courses. The mechanism of anticipating skill needs seeks and identifies trends in economic development allowing the prediction of short-, medium- and long-term

requirements for qualified workforce and its labour market prospects. It will also contribute to targeted spending on AEP. Anticipating skill needs will be based on the generalization of general trends and comparative analysis; rather than focusing on the skill needs of enterprises, focus will be aimed at skill needs of regions, which will also include strategic visions contained in the prepared strategic development documents of individual regions.

6.2.2 Further education

In the area of further education, it is primarily **necessary to update the definition of mutual competences between the MEYS and the MLSA** and their other organizational components and contributory organizations. The reason is that the current definition of competences in this area dates from 2009 and since then there have been some notable changes in the labour market, new institutions have been created and, ultimately, employment services have been reorganised. It is important to **connect the initial and further education**, and apply the concept of lifelong learning. The MLSA focuses in this area primarily on supporting the development of further education and its position in the corporate management of human resources. In doing so, it is essential to focus on the elimination of identified barriers to the development of further vocational training. This primarily includes **financial support for the professional development of employees**; for reasons of sustainability and support of the system as a whole, subsidies should be reduced in favour of **using other financial instruments**, e.g. tax relief. Support should also be provided to activities aimed at creating educational clusters and associations of employers in order to develop their employees, which leads, in particular for small and medium-sized employers, to a reduction in both the financial and administrative burdens. Support should also be provided to the development of company training centres. In the case of using non-subsidy financial instruments or tax relief, the functionality of the instruments from the Structural Funds should first be verified in pilot testing and only following their assessment legislative changes can be made.

Further education also includes the issue of retraining of job seekers and persons interested in a job, which falls under the competence of the MLSA. In this area, **the system will have to be revised so that retraining can respond flexibly to the changing needs of job seekers and persons interested in employment in relation to current labour market requirements**. Given that Act no. 73/2011 Coll., on the Labour Office of the Czech Republic and amending related acts, as amended, reorganized employment services and created a single LO CR, it is also necessary to deal with the issue of public contracts and their division. **The MLSA should therefore seek to remove the obligation to organize procurement procedures with respect to education from the Public Procurement Act**, as it was the case in the past. **The offer of retraining courses must match the regional labour market needs** and its quality must be high enough to actually allow persons to succeed in the labour market as well as strengthen the competitiveness of the Czech economy. The LO CR must be able to ensure that they can be organised in the shortest possible time so as to be able to respond flexibly to job creation. In this context, **retraining courses will be modularized** so that they are able to reflect on already acquired skills and allow retrained persons to be educated only in those parts that they really need to pass the final exam. **The system of retraining should also undergo evaluation of whether the courses actually correspond to existing conditions and whether qualifications and skills acquired in these courses are useful in the labour market and really respected by employers**. As part of the implementation of the National Register of Qualifications into the retraining education, the LO CR should have a functional network of counselling staff, who would be able to guide the persons interested in the examination to obtain a professional qualification to passing the exam. The MLSA will support the interconnection of the system of verification and recognition of further education with active employment policy, including its incorporation into legislation.

Finally, it is necessary to set up **a functional and integrated system between the National System of Professions and the National Register of Qualifications** in a way that they become a functional tool to define the requirements for each profession, to recognize further education outcomes, its interconnection with initial education and the real needs of the labour market.

Interventions in further education and achieving compliance between the supply of and demand for workforce skills will primarily focus on employers and employees, including employees made redundant or, conversely, potential new employees. In addition to training their existing employees, this approach will enable businesses to prepare/train potential new employees for specific jobs. Emphasis will also be placed on young workers and graduates to gain work experience through work placements and traineeships in companies.

Implementation of measures in this area is not possible without the cooperation between the MLSA and LO CR, and other institutions, e.g.: employers, professional and business associations, local and regional self-governments, Chamber of Commerce and other social partners. Outside the scope of its competence, the MLSA will continue to cooperate especially with the MEYS to strengthen the compliance between initial education, further education and the labour market.

6.2.3 Workforce shortages in some sectors – support for international migration

Given the developments in the demographic structure of Czech society, the need to meet the demand for highly skilled workforce, support for the inflow of know-how and the positive impact of talented persons on the economic development where it is impossible to cover these requirements from domestic sources, it will also be **necessary to focus in future years on supporting international migration, promoting cross-border mobility using the EURES platform, supporting the immigration of highly skilled workers and university graduates to the Czech Republic in order to ensure their long-term stay in our country.** This requires close cooperation especially with the Ministry of Interior. Steps to be taken in this area mainly include the establishment of a card of highly qualified professionals to facilitate the entry and residence of third-country nationals to those who possess the skill which is in short supply in the Czech labour market. The support for a targeted economic migration is based on the Draft measure to manage economic migration, protect the rights of labour migrants and realize returns, adopted by the Government on 5 January 2011. The integration of foreigners (not only citizens of third countries) will further be supported by other support measures aimed at removing sociocultural barriers (e.g. the language barrier, certain economic barriers). The basic competences in the field of foreign employment will fall under the MLSA; however, due to the introduction of the single authorization (Dual Card – unification of residence and work permit), which will be issued by the Ministry of Interior from 2014, it will be necessary to deepen the cooperation of both Ministries in this area. **However, in the area of foreign employment, the primary task will continue to lie in the monitoring and evaluation of the labour market, offering vacancies to foreign nationals according to market needs.**

6.2.4 Summary of measures:

C1a	Promoting cooperation between employment services, educational institutions, self-governments and employers in setting educational fields so that they match labour market needs.
C1b	Definition of competences between the MLSA and the MEYS in the field of career counselling, and setting cooperation in the field of career choice counselling for pupils and students of primary and secondary schools.
C1c	Support for the acquisition of practical skills through traineeships and work placements for students and graduates.
C1d	Support for the development of competences necessary for the labour market and civic life in initial education.
C1e	Creating a system for anticipating skill needs and linking it to other national systems, organising of retraining courses and creating educational fields.
C2a	Updating competences in the field of further education, including its legislative integration.
C2b	Financial support for the development of employee training, including the use of appropriate non-subsidy financial instruments.
C2c	Support for networks and associations of employers focused on employee training in order to support further professional education especially in small and medium-sized enterprises.
C2d	Review of the retraining system

C2e	Removing education (retraining) from the scope of the Public Procurement Act.
C2f	Linking NSP and NRQ, including their link to labour market requirements.
C3a	Support for cross-border labour migration using the EURES platform.
C3b	In areas where there will be a shortage of workforce, support the immigration of highly skilled workers.

6.2.5 Vision: a competitive and sufficiently flexible workforce whose skills meet the requirements of the labour market

Given its nature, the priority of "Adapting companies, employees and the unemployed to the changes in and the needs of the labour market" has no quantified objectives. However, it aims to create a functioning and coherent labour market system and the education system supporting sufficient workforce flexibility in the Czech labour market. **To this end, there will be instruments facilitating well in advance to anticipate labour market developments, particularly in the area of skills (measure C1e). Linking the education system and labour market needs, including the support for lifelong learning and education of employees will make it possible to significantly enhance prevention in the labour market,** as one of the cornerstones of this prevention is sufficient occupational mobility of the workforce and the ability to direct the workforce into sectors with growth potential and higher added value, or fields in which there is (or will be in the foreseeable future) demand for labour.

In addition to the instruments targeting the anticipation of labour market trends and strengthening the interconnection of labour market and education, there will be instruments supporting further education in as well as outside companies. In addition to the actual financial and system support for this process, attention will be paid to ensuring recognition and acquiring skills that are (or will be) necessary to succeed in labour market.

7. Priority 4: Developing public employment services

The development of public employment services, particularly the Labour Office of the Czech Republic (LO CR), forms an integral part of employment policy, and one of the crucial aspects of its successful implementation. This institution will be the implementer of the majority of the measures proposed by this Strategy, and it is therefore necessary to pay sufficient strategic attention to the building of its capacities, both in terms of personnel endowment (in terms of quantity and in expertise) and in terms of physical endowment (sufficient technical equipment and efficient regional distribution of the services provided).

In order to successfully implement employment policy measures, it is necessary to strengthen cooperation with other players in the labour market, or create local networks to increase consistency of supply and demand in the labour market, ensure more efficient active employment policy instruments and create partnerships to combat rising unemployment, social exclusion and poverty. Creating a functioning system of cooperation in the labour market is a prerequisite for the prevention of unemployment and strengthening the competitiveness of the Czech economy. Some steps taken in the past⁴⁸ are a good starting point for mutual cooperation between the LO CR and other partners in the labour market.

It is important to mention the cooperation between the LO CR and Further Education Fund (a contributory organisation of the MLSA), which implements a number of projects funded by the European Social Fund. In this particular case, the cooperation with LO CR is necessary. It is necessary to ensure the submission of projects which are based on the requirements of the LO CR and which respond to the most pressing problems in the labour market in each region.

Although the development of employment services and cooperation in the labour market is a horizontal issue affecting all the above measures and priorities, their importance and systemic nature make it necessary to discuss them under a separate employment policy priority.

7.1 Description of the situation

The LO CR, which is responsible for the implementation and execution of employment policy, forms the cornerstone of public employment services in the Czech Republic. It was established by Act no. 73/2011 Coll., on the Labour Office of the Czech Republic and amending related acts, as amended, on 1 April 2011, replacing the existing structure of the district labour offices established by the Employment Act

The creation of one organizational unit **disproportionately complicated any tendering**, even local needs must be considered at the national level of the Labour Office. **The most serious consequences this has for clients are in the area of retraining and counselling, which make it impossible to flexibly respond to the needs of job seekers and current vacancies of employers.**

The Act eliminated the existing 77 separate labour offices with competences within their districts (with Prague having a special position), which were centrally controlled from the MLSA, and, without any analysis, evaluations or consideration of other models, introduced a single organisational unit composed of a General Directorate and 14 regional branches, which control **235** contact offices of public employment services based in **521** buildings. Since it was not preceded by any valid studies, the change did not observe any factual or desirable state in the distribution of competences, distribution of offices, their adaptation to the needs of clients, financial or staffing requirements, or requirements for organizational and management structure. To summarize, it **took no account of the Labour Office clients and the services they expect from the Office, nor the needs of the Office which is to ensure the required service.**

The organizational arrangement based on regional model **made active policy more distant from employers**, which had a fatal impact on its provision and efficiency.

⁴⁸ For example, "Memorandum on cooperation in the labour market" between the LO CR and the Chamber of Commerce, LO CR involvement in employment pacts in Moravian-Silesian, Ústí and South Bohemia regions, etc.

The creation of the General Directorate of the LO CR allowed the separation of conceptual and strategic work represented by the Ministry of Labour and Social Affairs from the methodological and operational activities of public employment services. This set the foundations for improving the functioning of both administrative authorities in the area of employment.

However, this organizational change also brought about a completely new way of managing the activities of employment services, which, especially in the early stages, faced many problems. The basic problem in recent years was not only ensuring a functional and functioning information system necessary to manage the agendas of the LO CR, but also operational division of competences among the contact offices. Especially in 2011 and 2012, inappropriate division of agenda administration caused a number of problems in the area of employment, especially in cooperation with employers, operational management and ensuring AEP agenda. In 2012, the AEP instruments supported only 7.6% of the total number of job seekers who were registered at the LO CR in 2012, which represents a drop by 40% compared to 2011. The reduction of the LO CR staff in 2011 by about 2 thousand persons, which was not compensated by the originally envisaged instruments (unrealistic expectations from the shared facilitation through employment agencies), significantly weakened the possibilities and practical performance of employment policy, particularly facilitation, counselling and implementation of AEP instruments. For the same reason, there has so far been no substantial improvement in the coordination of the implementation of employment policy with the labour market players.

The Act on the Labour Office provides that the MLSA is the administrator of the Integrated Information System. **The LO controls neither agenda information systems, nor systems that support normal operation.** This is despite the fact that the functioning of the complex organizational structure and the performance of the competences are determined by the IS. The deployed IS were dysfunctional, unreliable, requiring time-consuming operation, with employees operating and monitoring the information system, although it should be vice versa. The **problems with the IS culminated** on 2 January 2014, when these systems crashed. The situation remains under control only thanks to the immense efforts of employees of the Labour Office, with the support of the MLSA and the supplier.

The **information systems to support operation have not yet been deployed**, even though the LO CR implemented projects, which should have supported human resource management and electronic circulation of documents. Neither was preceded by a needs analysis, they were forced on the LO and the outputs are dysfunctional.

These interventions in the past three years, including changes in information systems security, brought about a number of issues in the implementation of employment policy that need to be remedied in the years to come. Imperfectly functioning information systems have brought about problems not only in the actual implementation of the employment policy and State social policy, but also adversely affected the collection of statistical data needed for effective setting of relevant policies and also significantly burdened the LO CR with a negative impact on the effectiveness of the services provided.

Also problematic is the actual technical support for LO CR operation. The LO CR currently represents 235 contact offices (COs), these offices being located in 521 buildings. Of these, only 160 buildings are owned by the State and under the management competence of the LO CR, 49 buildings are owned by the State and under the management competence of other State organisational units. The remaining 312 buildings are owned by other owners, with contact offices of the LO CR being the tenants. Of the 160 buildings under the management competence of the LO CR, only 57 (36%), including the currently renovated ones, meet the requirements for an office building. It is not uncommon that the contact offices in one city are located in several buildings. This situation is not conducive to the promotion of the efficient functioning of employment services and their availability to clients.

Other significant burdens for the activities of employment services include the assumption of responsibility for administering social agendas, specifically the agenda concerning assistance in material need and providing care allowances and benefits for people with disabilities, which was transferred to the LO CR from local self-government without sufficient personnel and technical support. Although these areas of social policy are closely related to employment policy, it is necessary to strictly separate these agendas, so that the LO CR is able to perform tasks assigned to it in the area of employment, including actively shaping regional labour markets and active cooperation with all relevant actors.

Problem:

- Limits of efficient functioning of employment services.

Causes:

- Insufficient personnel capacity (in terms of number and expertise) of public employment services.
- Inadequate material and technical equipment of employment services, including insufficiently functional information system.
- Lack of cooperation between the relevant players in the labour market, including the problematic division of competences within the structure of public employment services and availability of their services to clients.

7.2 Measures in the field of employment services – building the capacity of the Labour Office

The MLSA will focus on building the capacity of public employment services – especially of the LO CR so that by 2020 there is a functioning network of LO CR offices with a suitably distributed competencies able to provide not only an individualized approach to clients from among job seekers, but also to other persons in (or soon to enter) the labour market, as well as able to provide sufficient counselling activities and cooperation with employers and other labour market players.

First, it is necessary to fully ensure the appropriate organizational structure. **This particularly includes suitable functional setting of the organizational structure based on the basic executive component at district level, which must meet the requirements for the cooperation with regional partners, as well as being sufficiently partial to ensuring the smooth running of agendas and individualized approach to clients.** In the new system, the regional component of public employment services will have a coordination and communication role with respect to regional authorities.

The internal functioning of the LO CR must be set taking into account the fact that the LO CR is the cornerstone of public employment services, not only in the field of employment facilitation and registration of job seekers, but also in actively affecting the labour market, active State employment policy and coordination of activities in the field of employment. **The structure of the LO CR must respect the tasks assigned to it and clearly separate (while maintaining mutual cooperation) the matters under social policy from the employment agenda.** Finally, it is necessary to clarify the situation in the field of public procurement, which, after the establishment of a single LO CR, brought about complications in centralized purchasing with regard to the different needs of regions.

In the following years, it will also be necessary to focus on **personnel reinforcement of the LO CR, not only in terms of quantity but also quality.** Even before the establishment of the Labour Office of the Czech Republic, **1,899** systematised jobs **were cancelled** without any modification to the competences of the LO. With the transfer of the material need agenda, the **number of systematised jobs at the LO CR only increased by 1,153 of the total of 3,642** jobs that were responsible for the same agenda at the municipal level. In the following period other competences were transferred to the LO CR without adequate reinforcements. The transfer of systematised jobs was not accompanied by a corresponding increase in payroll funds in the relevant indicators of the State budget. In 2012 and 2013, they were unsystematically covered from claims from unused expenses; the same scenario has been "prepared" for 2014.

Attention should also be focused on professional training of employment service employees so that they are able to provide comprehensive services to their clients and appropriately and effectively use all the measures and instruments of employment policy. The LO CR must not only act as the pay point or job facilitator, but especially as a counselling centre in employment or career choice or change. **For this purpose, it is necessary to rebuild the internal system of training and career development and support training of the LO CR employees leading to acquiring the necessary skills and expertise needed for each position.** As a State institution, the LO CR should set an example in personnel policy, including age management and integration of socially disadvantaged persons.

Based on the updated measures of the Priorities and procedures of the Government in promoting equal opportunities for women and men for 2013, it is necessary to ensure that the authorities and the Labour Inspectorates appoint one employee to promote equal opportunities for women and men, and that these authorities continue to train career advisers, job facilitators and other labour office employees in the area of equal opportunities for women and men.

Finally, it is necessary **to ensure that LO CR has suitable material and technical conditions to conduct its activities.** Material and technical conditions directly affect the quality of services provided, as well as their availability to employment service clients. In this context, this does not only concern regional

availability, i.e. the need to build a good network of public employment services, which will sufficiently bring the provided services closer to those who need them, but also the need to ensure sufficient space and time for individual work with clients by making available personnel capacities, while having sufficient technical equipment allowing the automation of certain administrative tasks. The fulfilment of the measures proposed under this Strategy will also require some innovative approaches to clients, which will also require investment in equipment – especially the rebuilding of information and counselling centres for career choice and change as centres of lifelong career guidance. **Due to the reorganization of employment services, it will also be necessary to secure enough suitable buildings with adequate physical equipment that will ensure the availability of personalized services across the entire Czech Republic, in a suitable environment and with respect to both the provision of this service to the public, as well as active and passive safety of LO employees.** It is equally important to adapt the physical and technical equipment, including premises and construction work, so as to make it wheelchair accessible for LO CR clients.

In the area of information systems, the MLSA will ensure the creation and implementation of a system which will respect the needs of both the LO CR and the MLSA (analytical, monitoring and statistical). At the same time, the system must be functional, operational (especially in the relation to the supplier), user friendly, and allow the LO CR employees to more efficiently use the time to work with clients, rather than to carry out automated tasks. For the purposes of monitoring and evaluation of employment policy measures, it is necessary to ensure the interconnection of the Ministry's information systems, especially LO CR and CSSA data, in order to gain a complete understanding of the flows in the labour market and efficiently set employment policy measures in relation to LO CR clients.

As employers are no longer obliged to report job vacancies (from 1 January 2013), it is necessary to **build a system that monitors the labour market and changes in job vacancies.** This system should also be complemented to include competency model, **which will allow pairing job seekers with appropriate jobs**, including the interconnection of the database of vacancies and the database of job seekers (persons interested in a job). It is also desirable to further develop self-service instruments and improve the understanding of information sources concerning job vacancies and training opportunities for different target groups, including the possibility of employers to choose a suitable job seeker directly from the LO CR database, but on condition that only the necessary client data are provided and their personal and sensitive data are sufficiently protected.

All the above steps concerning building the LO CR capacity will be taken following a thorough personnel analysis and the analysis of the functioning of LO CR agendas. **At the top level, it is necessary to clearly define the competences in the operational and methodological area between the LO CR and the MLSA and set the appropriate management structure and processes between the MLSA and the subordinate LO CR.**

7.3 Measures in labour market cooperation

The effectiveness of employment services and employment policy also depends on the cooperation of all players that influence the labour market, both at national and regional level. **It is necessary to support a higher level of cooperation between employers, state administration and local self-government in designing and implementing employment policy.** However, this cooperation should not be narrowed only to active employment policy or the provision of support by the State; it is also necessary to **strengthen the shared responsibility of local self-governing authorities for addressing the employment issue** in their administrative districts and **strengthen corporate social responsibility.**

In order to strengthen cooperation in the labour market, Act no. 435/2004 Coll., on employment, as amended, allows the LO CR to create **advisory councils at all levels**, i.e. bodies composed of representatives of the LO CR, trade unions, employers, local self-governing units and other players. The use of this body is not yet mandatory (only optional). As this is already defined cooperation, it should form the basis to set the system of cooperation at regional level. However, **where necessary and appropriate, public employment services will also be supported by other forms of cooperation based on partnership of individual players**, including the creation of regional employment pacts, local employment networks and similar organizations. It is also necessary to strengthen cooperation with NGOs, especially in socially excluded areas. Finally, it is necessary to strengthen cooperation with private employment service institutions, in cases where this cooperation is economical and efficient with the main benefit for the employment service clients, and contributes to higher employability of disadvantaged persons in the labour market or to facilitating employment.

Public employment services will be actively involved in international cooperation structures with relevant partners, particularly within the EU, to effectively tackle the international dimension of the labour market and other services to LO CR clients.

7.4 Summary of measures:

D1a	Personnel analysis and analysis of the functioning of LO CR agendas.
D1b	Clear definition of competences and management processes between the MLSA and LO CR in the areas of LO CR activity.
D1c	Introduction of a clear and functional managerial, organizational and competence structure of the LO CR, enabling it to fulfil the role of the key institution in the labour market and flexibly respond to its development in the regions.
D1d	Building of personnel capacity of the LO CR, both in quantitative and qualitative terms.
D1e	Establishing an internal training system of the LO CR.
D1f	Creating a sustainable and functional network of LO CR offices providing access to services for all LO CR clients, especially clients of the most vulnerable groups in the labour market, in sufficient quality and personalised form.
D1g	Building a high-quality information technology conditions for the administration of agendas.
D1h	Building a system of labour market monitoring, including the interconnection of information systems in the MLSA.
D1i	Establishing training and information and counselling centres for career choice and change, both for the internal LO CR needs and for the needs of its clients.
D2a	Building national and local partnerships promoting cooperation in the labour market while maintaining the key role of the LO CR.
D2b	Establishing advisory councils at all levels.
D2c	Strengthening shared responsibility of self-government authorities in addressing the issue of employment.
D2d	Support for corporate social responsibility.
D2e	Involvement in international cooperation structures.

7.5 Vision: Efficiently functioning and available employment services

The measures proposed under the priority "Development of Public Employment Services" have no clearly quantified objective, as these measures are to support the measures under other priorities. However, the failure to implement them would significantly affect the efficient operation of public employment services, or the LO CR, with a negative impact on the implementation of other priorities. **Adoption and implementation of the proposed measures will create a basic prerequisite for the construction of such public employment services, which are capable of providing the labour market with**

personalized services of sufficient quality, particularly with regard to labour market prevention and to supporting the most disadvantaged people, and their regional distribution is sufficient to ensure the availability of these services to all people who need this assistance.

In the area of labour market cooperation, partnerships will be created between the LO CR and other players to allow them to appropriately anticipate and actively influence the labour market and become the basic platform for addressing labour market problems. These structures will be built on the basis of existing partnerships and the transfer of proven practices to other regions. However, the LO CR must remain the fundamental pillar in these partnerships affecting the labour market.

8. Employment policy strategy implementation

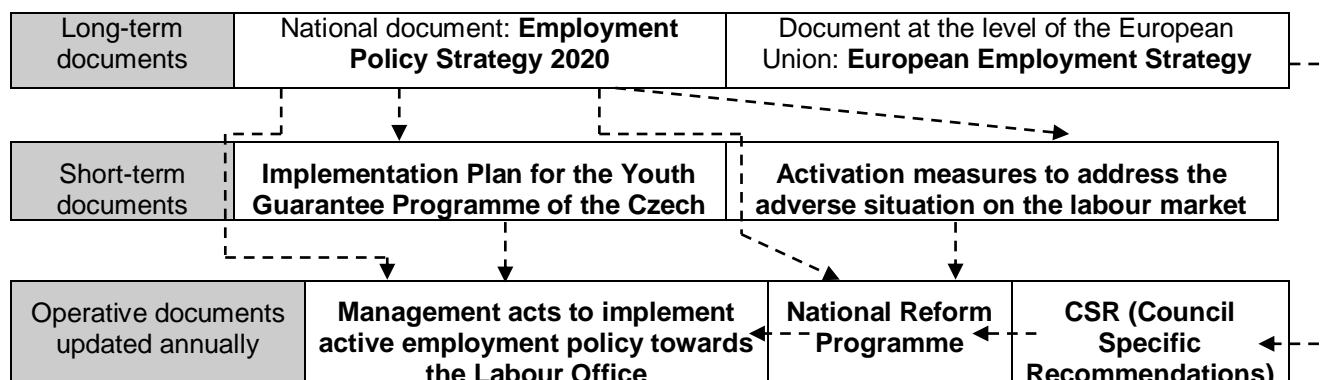
The measures, which are reported in the previous chapters for each priority are strategic measures, i.e. those which will in the long-term effectiveness of the Strategy contribute to the achievement of specified objectives and fulfil the vision of employment policy. These measures are mostly very general and will need to be further developed into concrete measures and instruments of both legislative and non-legislative nature, including the determination of the coordinators responsible for their implementation, timetables, manners to verify their efficiency and sources of funding.

The implementation of the Strategy will therefore necessarily require a series of partial implementation documents with a shorter time frame (about 3 years) – the so called Action Plans. For the initial period, i.e. the years 2014–2017, such Action Plan is called *"Activation measures to address the adverse situation in the labour market"* (see below). The impact of the measures contained in this implementation document will be continuously assessed and, in the context of the current labour market situation, measures will be updated to be included in a follow-up document for the years 2018–2020. Concerning the support for youth employment, which particularly permeates Priority 1 and Priority 3 of the Strategy, the implementation document is entitled *"Implementation plan for the Youth Guarantee programme in the Czech Republic"*.

In terms of recruitment and identifying the measures which have a reform nature in the labour market and employment policy, the National Reform Programme is the relevant document. The NRP does not directly implement the Strategy, but its part concerning the labour market defines the priorities of the Government for the particular year, including a response to the recent recommendations of the European Commission. From this perspective, this document is closely linked with the employment strategy and will annually contribute to its update or its implementation, especially in those cases where the impact of the measures and their implementation runs across Ministries and where the MLSA is unable to act on its own.

The above documents contain specific measures, assigning responsibility for their performance and deadlines, funding and, if possible, quantification of objectives to be achieved.

Since a significant part of the proposed measures, which will be further developed into specific instruments, concerns the MLSA activities, especially the Labour Office of the Czech Republic which is subordinated to the MLSA, the strategic priorities and strategic measures will be reflected in management acts of the MLSA. The MLSA uses management acts to adapt the activities of the LO CR, set the conceptual framework of the introduced measures, the conditions for the implementation of projects funded by operational programmes under its responsibility, etc. Management acts set specific parameters of instruments and measures, how they are used, correct the basic framework of their methodology, determine the funding source, target groups and may also set objectives to be achieved in the area of employment policy. In contrast, the document entitled *"Activation measures to address the adverse situation in the labour market"* introduces new instruments and measures, modifies the existing instruments or changes their parameters according to labour market needs. The relationships between documents concerning employment are shown on the following strategic map.



8.1 Activation measures to address the adverse situation on the labour market (activation package)

This document aims to positively stimulate the development of the labour market in the Czech Republic. Therefore, it further develops a number of measures proposed under the priorities defined by the Strategy, including the definition of the substantive responsibility for their implementation, possible sources of funding and timetable for implementation. The Activation Package is to be implemented in 2014–2017, the core of its implementation being in 2015–2016. It was prepared in cooperation with the social partners. Except Priority 4, it implements instruments and measures of all other employment policy priorities, or those on which social partners agreed for 2017 and which it is necessary and possible to adopt and implement in this period. Beyond the Strategy, the Activation Package contains also some measures not specified under the Strategy, which are based on the same objectives and respect the framework of individual Priorities.

The implementation of the Activation Package will be regularly monitored. Progress towards the measures will be consistently evaluated at regular quarterly intervals. Information on the implementation will then be submitted to the meeting of economic ministers, the Government and social partners. The information will also include possible recommendations to the Government on further action.

8.2 Implementation Plan for the Youth Guarantee Programme of the Czech Republic

In line with the Council Recommendation of 22 April 2013⁴⁹ the Implementation Plan for Youth Guarantee Programme of the Czech Republic (the Implementation Plan) was prepared and subsequently adopted by the MLSA in November 2013 and submitted to the European Commission. The Implementation Plan was prepared in accordance with the principles of the Council Recommendation and the methodological guidelines of the European Commission. The document was discussed with social partners and other players in the labour market in the working group established by the MLSA. On 11 February 2014, there was a video conference of the representatives of the MLSA and LO CR with the representatives of the DG EMPLOYMENT concerning the Implementation Plan. In subsequent negotiations, the European Commission recommended to update the Implementation Plan during April 2014. The MLSA reviewed the recommendations of the European Commission and drafted an updated Implementation Plan, whose current version is available at: <http://portal.mpsv.cz/sz/politikazamest/zarpromla>

Based on the Council Recommendation of 22 April 2013, the Government of the Czech Republic uses the Youth Guarantee programme (the "Programme") to guarantee that every young person under the age of 25 will receive a high-quality job offer, further education, professional training or an apprenticeship within four months after becoming unemployed, completing formal education or dropping out of the formal education system. The offer of further education also applies to the high-quality training programmes that lead to recognized qualifications.

When designing the Programme, the MLSA relied on real financial and substantive options of the MLSA and the Labour Office, using data from the "Projections of the population until 2100" (medium variant) prepared by the Czech Statistical Office. Also involved in the preparation of the Programme was also the Ministry of Education. The implementation of the Programme has the following strategic objective:

- More direct targeting of employment, education and social policies on young people who are not employed or involved in the education process or not participating in vocational training;
- Removing inconsistencies between the skills of young people with the skill needs of demanded in the labour market;
- Increasing the participation of young people in the labour market and decreasing youth unemployment;

⁴⁹ Council Recommendation of 22 April 2013 on the introduction of Youth Guarantee (2013/C 120/01), principles: Partnership-based approach, early intervention and activation, support measures for labour market integration (skill enhancement, other active labour market measures), the use of Union funds, assessment and continuous improvement of the system.

- Preventing the consequences of social exclusion among young people.

The measures under the Programme focus on two main areas – prevention and correction. In accordance with the partnership principle, responsibility is divided between the main Programme partners – the MLSA and MEYS.

The Programme will be subject to periodic annual updates based on a regular evaluation of the efficiency and effectiveness of its measures. The evaluation of the Programme will be part of the management work of the Section for Employment of the MLSA and senior managers of the LO CR. During evaluation, use will be made of data and indicators from the information system the Labour Office, indicators of the Operational Programme Human Resources and Employment, Operational Programme Employment, Operational Programme Research, Science and Education, Operational Programme Education for Competitiveness and regularly prepared analytical documents, such as regular annual "Report on the activities of the Labour Office", monthly statistical reports of regional branches on the situation of their labour markets, etc. The working group on Employment Committee (EMCO) indicators has for several months been working on a set of indicators for the assessment of youth guarantee programme within the EU. After the approval of the set of indicators by the Member States and the Commission, they will be applied into practice in the Czech Republic.

8.3 Evaluation of the implemented measures

The Strategy will be updated during the period of its validity in terms of evaluating the efficiency of implemented measures. For this purpose, it will be necessary to distinguish between efficient and less efficient employment policy measures, namely to create an evaluation system that can assess how much the possibility of a person's success in the labour market will increase by using a specific instrument. During the period of validity of the Strategy, the MLSA will therefore cooperate with stakeholders to implement a pilot project aimed at evaluating the active employment policy instruments. If the results of this project are available as early as in the course of 2017, they will be used in the preparation of a partial implementation document for the years 2018–2020. After a thorough evaluation of the project, assessment will be made of the possibility to apply the ongoing evaluations in the information system of the MLSA in order to ensure routine evaluation of the efficiency of the various measures and instruments of active employment policy.