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ANALYSIS OF UNEMPLOYMENT IN THE CZECH REPUBLIC AND EU

(Bachelor Thesis)

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Statement:

I hereby declare that I did my bachelor thesis myself under the leadership of JUDr. Přemysl Michálek and I listed all bibliography and relevant sources in the list of used literature.

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Introduction

By introducing democratic system after 1989 our country was faced to problem that did not exist here for decades. It is so called involuntary unemployment, when there are absolutely more people able to work than free working places.

Unemployment is not problem of only the countries that changed their political system at the end of 1980s. Developed countries all around the world have problems with unemployment. There is no precise recipe how to face the unemployment or how to remove it, but if we don't want to return to practice of socialist order that allowed so called artificial employment. Its principle was preparing of such working places that were unnecessary for given organizations and these working places were unavailing. Because the state was the only owner of such organizations they were connected to financial resources of the national budget and management of these companies did not deal with the question if workers are benefit to the organisation or not. The result of that was the reality that all citizens of state were employed.

Unemployment is serious economical, social and political problem. That is why one of the basic goals of economical and social policy of the state is reaching of full, productive and freely chosen employment. Right to be employed regardless of race, colour of skin, sex, language, religion, political or other ideals, membership in political parties, national, ethnical or social origin, possession, health or age is one of the basic rights of citizen. This effort is called state policy of employment.

I will try to do analysis of present state of unemployment in the Czech Republic and European Union, its development and problems that are connected to it.

1. LABOUR MARKET

1.1 Labour markets and personnel bodies

Well working, flexible labour market is one of important conditions of prosperity of the society. Even thought European Union accepts the fact that there will be always some differences between its member countries, in culture and law systems, they will still apply unifying influence in the field of labour market.

Motivation of working resources and their ability to compete on the labour market creates need to improve offers of services. Europe becomes one of the economical powers, it creates social dimensions that are compulsory even for the Czech Republic by its social policy and economical precautions.

1.2 Labour market

Market economy consists of interconnected and dependent markets. Creating of market production presumes using of resources such as work, land and capital.

- Labour is the factor of production that is not replaceable when creating goods.
- Modern economy is based on market arrangement, i. e. using of factors of production for creating goods is decided by price, market mechanism. Answer to question what goods and how effectively they will be produced, is decided on the factor of production market. Market of labour is one of interconnected segments of market economy. Development of the labour market is influenced by the same market laws as are the other markets, but it has many specific attributes that are demonstration of exceptionality of production factor of labour. Labour is one of the resources, but it does not exist on its own. Working is done by people – they bear the labour.
- Importance of labour market is emphasized by other basic conjunctions of economies. This is mainly the reality that economy as a whole includes labour market only as conversion mechanism between process of production and consumption.

There are only few microeconomical features that we are not able to identify in relation to spent labour, employment and unemployment. The object of market transaction on the labour

market is buying and selling of labour production factor for the price expressed as wage. Relation of unemployment and level of wages became the first of analysed relations when thinking about unemployment.

1.3 Changes of labour force

According to social changes and globalisation even changes of labour come. Not only demographic changes, but also other factors change its character. Change of labour force and labour force market happen in the Czech Republic, in boarders of EU and also in worldwide scale. The environment of labour market is changing and it is shown in changes of attitudes to work and nature of labour force[1].

Among the most important factors that appear in the worldwide scale are:

1) Migrating workers – in the globalizing environment the role of supra-national companies is increasing and therefore even movement of workers who manage and control these companies. Movement of workers is possible even thanks to agreements about allowing of work permissions over the boarders of "green cards" states, agreements about free movement of workers in the European Union, etc.

2) Immigrating workers – influx of working force from other states and continents to developed countries.

3) Rising of multi-ethnical groups of working force – with different value system, language, culture, customs, etc.

4) Worldwide pressure on removing discrimination of particular groups, f. e. minorities, religion groups, groups with different sexual orientation.

5) Employing of older people in consequence to movement of global demographical development heading to increasing age average and increasing of age level of leaving to pension.

6) Global pressure to decrease difference of position of men and women on their working place, effort to decrease and gradually removing of discrimination of women when engaging, during deciding about wages, when doing manager functions in companies, etc.[1]

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[1] *Research of Faculty of agriculturey, South Bohemian University, České Budějovice, Unemployment, psychological, economical and social problem.*

2. UNEMPLOYMENT

2.1 The definition of unemployment

Unemployment is one of the most watched and discussed phenomenon of market economy in present and also in the past. The basic economical and social context and its complexity was pointed out by Karel Engliš[2]: „ Against changing line that shows economical life during one year, factory workers are constant, non-elastic element, which does not change with changes of the line of economical life, but which runs into the line and therefore the dissonance causes unemployment as a unavoidable social feature. Unavoidable part of factory workers becomes unemployed and it is not their fault, it is caused by relentless economical-social foundation we live in, because worker is only subordinate item of big national economy. Nobody receives a guarantee of right for existence from the working economical-jurisdictional regulations and those for whom work is the only base for existence, by unemployment they loose their base of existence. Active lcgal regulations do not offer and cannot offer rights to work, although there is no more important right than this one to be given. We don't know how to ensure right for working.

2.2 Unemployment in the economical theory

Unemployment is one of the features that are closely watched in the modern economy. Since the beginning of 20th century unemployment is one of priority topics that economical policy is orientated on.

Conditions influencing this problem in economical theory:

- Economics of the end of 20th and beginning of 21st century is developing in directions different by range of economical tasks.
- Particular economical directions and trends differ in the relation to the economy by the fact if they prefer microeconomical or macroeconomical approach.
- Important fact is also if economical theory is conceived as positive or standardized.

[2] *Engliš, K., National economy, Brno, Publisher Fr. Borový in Prague, year 1924*

There is close relation between the roots of unemployment and economics. It's because some changes led to creation of independent science about economy and after few decades they led to the stage that is characterized by existence of unemployment. In early times of development economics was forced to react to the existence of unemployment. The reality was that the prime fact that brought attention was not unemployment, but worsening of living conditions and increasing poverty. These were the effects that accompanied industrial revolution, i.e. installing of machinery into manufacturing process[3]. These changes brought a strong pressure on the labour market that has a key role in the market economy.

People are called unemployed in the economics, if they are persons of productive age who meet following conditions:

- They have neither paid employment nor income from enterprise, they are temporarily released from their work and they expect to be employed again.
- They actively seek a job and are willing to enter a work.

Together with employed they form *economically active population* – working force of the country.

Unemployment is described by the indicator of unemployment rate:

$$n = \frac{N}{L} \cdot 100\%$$

Where **n** is unemployment rate, **N** number of unemployed and **L** total number of people able to work who are working or applying for a job.

Basic groups of people we have to diversify:

- **Employed.** That is population who have paid employment or have their own enterprise (including people temporarily not present at work, who have formal attachment to their employment).

[3] *Entering European Union – benefits and costs of convergency, Petr Zahradník, C.H.Beck*

- **Number of people with one or main job** reached in average during the 4th quarter of 2005 4 803,6[4] thousand, comparing two years it increased by 1,5 %. Number of employed men was 2 726,0[5] thousand and number of women was 2 077,6[6] thousand.
- **Unemployed** have no paid jobs and no own business, but they are actively seeking new job and they are willing to enter a job in some time. These are people willing to work. *Economically active population.*
- **General unemployment rate** (in the age group 15+years old) reached in the 4th quarter of 2005 according to results of research 7,8 %[7]. Even when unemployment rate in the CR is relatively lower than average of 25 member countries of the EU, rate of long term unemployment is still very high compared with countries of original 15 states.

Table No.1: Unemployment rate

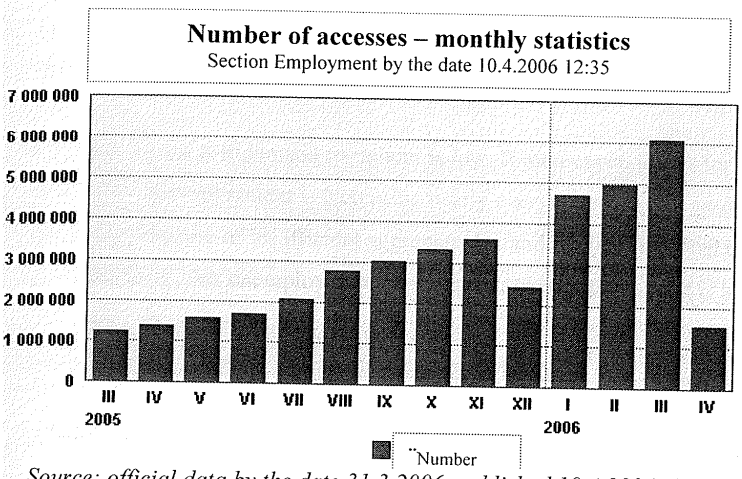
Indicator		1997	1998	1999	2000	2001	2002	2003	2004	2005
Rate of registered unemployment	%, average	4,28	6,04	8,54	9,02	8,54	9,15	9,90	10,24	.
Rate of reg. unemp. by current methods	%, average	.	.	.	.	.	.	.	9,19	8,97
Long term rate of unemployment	%, average	4,8	6,5	8,7	8,8	8,1	7,3	7,8	8,3	7,9
Rate of long term unemployment	%, average	1,3	1,9	3,1	4,1	4,2	3,7	3,8	4,2	4,2

Unemployment rate *	by 30.04.2006	8,3*	10.05.2006

Source: official information by 30.4.2006, published 10.5.2006, Czech statistics office.

[4] *Analysis - Czech statistics office, Development of economical activity of population 4th quarter of 2005*
[5] *Same source*
[6] *Same source*
[7] *Same source*

Graph No.1: Employment



Source: official data by the date 31.3.2006, published 10.4.2006, Czech statistics office.

- **Others**. Parts of this group are students, pensioners, disabled people, women in household (who do not meet requirements for previous groups) – it is economically inactive population. Such economically inactive population represent potential working reserve. Their number was 262,4[8] thousand in 4th quarter of 2005. High number of such persons is in the age group under the age of 24 (81,4 thousand[9].) – these are usually students and apprentices. There is relatively high number of 25-34 years old people (total of 46,9[10] thousand) is based on the women who are on the maternity leave or housekeeping.. Number of people interested in working is high at the age of 50 years and more.

Three basic types of unemployment:

Frictional – it arises as a result of continual movement of people between districts and working places during stages of life cycles (frictional unemployed often change their jobs or they seek better jobs – they are unemployed optionally).

ıalysis - Czech statistics office, Development of economical activity of population in 4th quarter of 2005
ıme source
ame source

Structural – it originates from disharmony of supply and demand for employees. That is why we often find out that some branches are failing and some are working fine. If wages were adapting immediately, disharmony would not exist, but wages are reacting very slowly. It takes years for wages to adapt.

Cyclical – it arises if demand for labour is low. If total expenditures for product are decreasing, unemployment is increasing nearly everywhere. In that case unemployment is decreasing because of insufficient aggregate demand. Unlike frictional or structural unemployment, this unemployment might appear even if the market is in balanced state.

We than know voluntary and involuntary unemployment:

Voluntary unemployment means that leisure time is preferred to working. Voluntary unemployed can accept offer of job opportunities, but they actively seek other, better paid job. If the market was perfectly competitive, creating of balance would get us to the state when unemployment would be only voluntary. In this case balance of market (equalizing supply with demand) would happen when part of economically active population is unemployed.

Involuntary unemployment comes when wages do not react fast enough to clear the market (i.e. as a result of non-elastic wages). When there is too high wages level there is surplus of qualified workers over working opportunities. Supply is higher than demand. If there is surplus of qualified workers, firms usually state strict selection criteria and they choose workers with higher qualification and biggest experience. In case of low wages the problem is the opposite.

We know than **long-term and short-term unemployment.**.
Long-term unemployment is real problem that can bring existence problems for a man.

3. PSYCHOLOGY OF UNEMPLOYMENT

3.1 Importance for a man

Work plays important role in the life of a man. It brings not only material benefits, but also feeling of self-realization and social utility. It offers possibility to communicate with people, to find new contacts and friendship. Particular work develops identity of a man. Most people do not see their work just as life necessity, but they work with some self-evidence and that brings him satisfaction and joy. The real value of the work is recognized only when man looses such a job. If man becomes unemployment for a long time he looses the strongest connection to reality.

Results of loosing job have negative influence on the man. Instead of economical suffering and social fall that comes to many unemployed people, there are many psychological consequences of loosing the job. In the case of increase of the mass unemployment, following consequences were found:

Present loosing of job leads to[11]:

- Decrease of self-confidence, decrease of feeling of self value, decrease of self-confidence towards other people
- Increase of social isolation
- Blaming the neighbourhood for loosing the job
- Life depressions

In case of employed, experience with mass unemployment and fear to loose the job leads to[12]:

- Increasing of pressure to performance
- Increasing of competition pressure that causes loss of employees solidarity in the company
- Limiting of rightful going to sick-leaves

[11] *Psychologie heute, 1993*

[12] *Unemployment as psychological, economical and social problem, Božena Buchtová at al*

3.2 Changes of values in the personal life

Results of the research of value orientation change in connection with social changes that were brought by transformation process (economical, political and social) in the Czech Republic. The stress was on the choice and realization of life strategies:

Table No.2: Order of value orientation

1. To have stable work and average earnings	1,39
2. To have living pleasant, varied and interesting	1,49
3. To live freely	1,50
4. To get quality education and qualification	1,58
5. To have rich emotional life	1,59
6. To get high professional level in the job	1,77
7. To be responsible citizen	1,86
8. To have high earnings	1,89
9. To be disciplinary employee	1,90
.....	
15. To be at management position	2,82
16. To have big assets	2,84

Source: Holda, Individual and social political value orientations

3.3 Preparation for the possibility of loosing job

It is necessary to prepare people by professional preventive preparation for possibility of loosing job, to educate citizens to potential unemployment. People need to be reminded that unemployment is part of structural changes of economics in post-modern community. Education of young people does not include preparing people for the possibility of loosing their job. Management of firms should learn from the first wave of our unemployment and therefore to understand next possible releasing of employees as a challenge to keep ethical rules by the new concept of company culture.

We faced attributes of unemployment that were influenced by factors from the last century of the development of our society, in our economical environment. People cannot

react rationally to new conditions. There is insufficient professional self-reflexion. Most people of the older generation miss personal courage and readiness to invest into their own qualification. People should react in such situation with more flexibility to contrary development and using their own efforts to get over such situation in their life.

3.4 Risky groups of unemployed

Position of a man on the labour market is based on many characteristics (age, health, education, sex, being part of some ethnical minority) that identify people in the group with higher risk of loosing their job and that predetermine them for the long-term unemployment. Members of such risk groups find their jobs more often on the secondary labour market. Unemployment more and more threatens particular groups of population – that is approved by experience from almost every industrial developed country. It is clear that such groups should be addressed by the unemployment policy. These groups are especially young people, women with small children, handicapped people, older people, people with low education, gypsies and incoming immigrants in our country.

4. NATIONAL ACTION PLAN OF EMPLOYMENT 2004 – 2006

4.1 Context and goals of national employment policy

Main economical goal of the Czech Republic government is encouragement of economical development and increasing employment by encouraging of increase of productivity and competitive firms. Gaining of high dynamics of growth is also very important condition for change of trend of employment development in the Czech Republic[13]. Key to this strategy is improving of business culture and improving of business environment together with precautions aimed at making supply on the labour market more flexible (by adjustments of social allowances, reform of educational process, encouraging of next professional and relevant education as a part of introduction to system of lifelong learning.).

In accordance with ambitions mentioned above and by Lisboa Strategy, government of the Czech Republic provided following priorities in 2004[14]:

- support of economical growth and competitiveness;
- employment;
- reform of public finance;
- sustainable development.

4.2 Increasing of flexibility of the labour market and employment

Labour market in the Czech Republic is characterized by low mobility and flexibility of working force – it is similar to other countries of EU. To strengthen adapting mechanism of the labour market it is necessary to do some steps to increase flexibility of labour market and flexibility of real wages not only in the institutional field, but also in the areas like transport infrastructure and housing market.

In the last years the number of economically active population decreases and sector structure of employment is getting similar to the situation in the European Union[15]. Many structural problems that are resulting in increasing of unemployment rate, especially long term

[13] *http://portal.mpsv.cz/*
[14] *Same source*
[15] *www.noviny-mpsv.cz*

unemployment rate, still remain. Another results are strong regional differences and high unemployment rate of risky groups, especially young and old people. There are some key structural problems – low regional and professional mobility of employees, not so perfect addressing of social allowances system, high taxing of wages and missing area system of lifelong learning.

Table No.2: Comparing of unemployment in particular regions

Name of region	Accessible applicants in total	Total labour force	Unemployment rate
Capital city Prague	21 654	702 307	3,10%
Jihočeský	22 014	329 225	6,70%
Jihomoravský	58 774	589 645	10,00%
Karlovarský	17 164	169 420	10,10%
Královéhradecký	20 097	285 155	7,00%
Liberecký	17 591	227 665	7,70%
Moravskoslezský	91 110	642 506	14,20%
Olomoucký	34 738	322 136	10,80%
Pardubický	21 176	262 608	8,10%
Plzeňský	18 850	301 866	6,20%
Středočeský	37 865	617 031	6,10%
Ústecký	66 144	433 746	15,20%
Vysočina	21 692	263 052	8,20%
Zlínský	27 293	295 653	9,20%
Others	3 822		

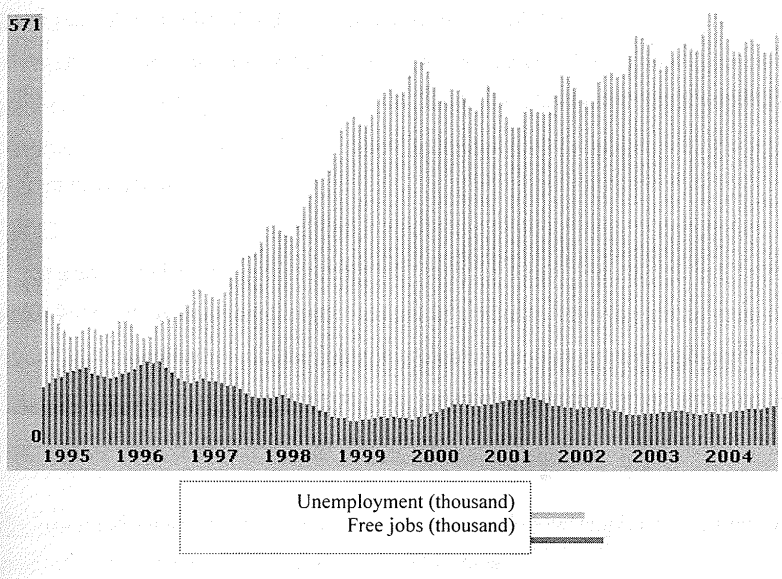
Whole CR	Accessible applicants in total	Total labour force	Unemployment rate
CR	476 162	5 442 015	8,70%

Source: Portal of Ministry of labour and social things

4.3 Structural problems of labour market

Rate of economical activity i.e. number of employed and unemployed people in the group of age 15-64 years, decreased since 1994 from 73,5 %[16] to 71,1% in 2003.

Graph No.2: Unemployment 1994-2004



Source: Portal of Ministry of labour and social things

Increasing age level for retirement does not influence development of economical activity because of increasing number of other categories of economically inactive people.

Continuing structural changes and increase of labour productivity caused the number of employees in the national economy with one (main) job to decrease in 2003 by 31,7 thousand people[17], i.e. by 0,7 %, to 4,7 mil. people. Employment decreased by 6,5 %[18] in the primary sector (agriculture, forestry, fishery) and by 1,3% in the secondary sector (industry, building industry). Decrease of employment in the industry was partly compensated by its increase in building industry. Employment in tertiary sector increased by 0,3 %[19], but there was different development of employment in particular branches of services, where the greatest increase of

[16] *www.ceses.cuni.cz*
[17] *www.ceses.cuni.cz*
[18] *Same source*
[19] *Same source*

number of employees was in the branch of realty and renting and the greatest decrease of employment was in the branch of education. Portion of services in the total employment in the Czech Republic is 56,2 %[20]. Services are the only area where it is possible for employment to increase.

Number of applicants for jobs increased by 28 thousand[21] to 542,4 thousand at the end of 2005 and offer of jobs slightly decreased by 500 to 40,2 thousand. There were 13,5[22] applicants for one job (it was 12,7 a year ago). Structure of applicants changed – number of people older than 50 years increased, also people with lower education and disabled people. Number of long-term unemployed people increased by 27 thousand[23] to 218,3 thousand, i.e. to 40,3 % of all applicants.

Graduates and adolescents seeking jobs were 55,5 tisíc[24] in 2003, it is 3,5 less than in 2002 and it is 10,6 % of total applicants. Number of graduates entering labour market increases from June to September and the following months they are entering jobs and the number decreases. Increase of unemployment was apparent in higher age groups. Average age of applicant increased from 35,8[25] to 36,3 years.

We can see from above mentioned that problems of labour market are mainly structural and even economical development can not resolve them.

Some precautions were taken in the reform of public finance – the goal was to resolve structural problems. Age level of pension is increasing and terms of early leaving for pension became more complicated. That should lead to increasing employment rate of older employees. The same goal is met by arrangement allowing working pensioners to make additional money by another employment or business. Instead of positive influence on employment rate of older employees also incomes of pension system will increase – but there is also possibility of some negative impact by increasing of unemployment and social transfers.

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[20] *www.ceses.cuni.cz*
[21] *Same source*
[22] *Same source*
[23] *Same source*
[24] *www.ceskenoviny.cz*
[25] *Same source*

Increasing flexibility of labour market was the goal of the Law Code Novel (valid since 1st March 2004) and it was also goal of new law about employment valid since 1st October 2004. The goal was to create terms for successful working of private labour agencies based on the profit principle that should enable so called renting of employees. Other arrangements were making system of allowances stricter when higher rate of cooperation of unemployed with Employment Agency will be required.

Considering implementation delay and continuing restructuring we cannot expect immediate effects and fast changes of present development trends on the labour market.

4.4 Satisfying of three sectional goals

a) Full employment

Reaching full employment can be done using realization of political approach including arrangement on part of supply and demand and that will lead to increase of employment rate towards Lisboan and Stockholm goals.

Accepted policies will contribute to reaching following average indices in the EU[26]:

- Total employment rate 67 % in 2005 and 70 % in 2010
- Employment rate of women 57 % in 2005 and 60 % in 2010
- Employment rate of older employees (55-64 years) 50 % in 2010.

Any national goals should be consistent with results expected on the level of EU and these should be taken into consideration in given country.

When satisfying **quantitative goals** of Lisboa process in the field of employment, the Czech Republic has not achieved stated goals and it is similar in most of the EU member countries. But some member countries meet the goals (some of them all three) that EU planned for the year 2010 today. Following table shows comparison of meeting quantitative goals with some member countries that are similar to the Czech Republic by population (percentage):

[26] *www.mesec.cz*

ıle No.3: Comparison of meeting quantitative goals of employment

ıntry	Total employment rate 2003	Change comparing with 2002	Employ. rate of women 2003	Change comparing with 2002	Employ. rate of older people 2003	Change comparing with 2002
nany	64,8 %	-0,6	58,8 %	-0,1	39,3 %	+0,6
ritain	71,8 %	+0,1	65,3 %	0,0	55,5 %	+2,0
nark	75,1 %	-0,8	70,5 %	-1,2	60,2 %	+2,3
erlands	73,5 %	-0,9	65,8 %	-0,4	44,8 %	+2,5
'age of 5	64,3 %	+0,1	56,0 %	0 %	41,7 %	+1,6
age of 5	62,9 %	+0,1	55,0 %	0 %	40,2 %	+1,5
	64,7 %	-0,7	56,3 %	-0,7	42,3 %	+1,5

:e: www.mpsv.cz

ıployment rate of women in the Czech Republic decreased in 2003 and therefore position ? also decreased. But even when the decrease was 0,7 %[27], our rate is higher than ge rate of old EU and new EU.

ıhancement was only in employment rate of older employees (+1,5%)[28], and it is arable with other member countries.

:reasing of quality and productivity of labour

tter quality of labour is connected to movement towards competitive and knowledge economy and it should be reached by joint efforts of all people involved and especially :ial dialogue. It includes internal quality of work, acquirements, life-long learning and development, equality of gender, health protection and working safety, flexibility, ıorating and access to labour market, organisation of work and balance between personal

:try of labour and social thing, web portal
source

life and work, social dialogue and including employees into it, diversity and no discrimination and total labour capacity. Increase of employment rate must be followed by increase of total labour productivity.

c) Increasing of social consistency and incorporating

Employment is key instrument to social incorporating. Policy of employment should, in synergy with open method of coordination in the field of social protection, facilitate employment by supporting access to quality employment for all men and women able to work. It should fight discrimination on the labour market and to precede excluding of people from the labour market.

4.5 Recommendation of Council to implementing of employment policy for member states for the year 2004

a) Specific recommendation of Council for the Czech Republic for the year 2004

Employment rate in the Czech Republic is slightly higher than average of EU-15. Unemployment is close to average of EU -15, but it is increasing since 1990s. Employment rate of older employees is close to EU, but it is low, especially in the case of women and in relation with low legal age of leaving to pension. Very important are regional unbalances.

b) Increasing of adaptability of employees and companies

When introducing strategy of economical growth and increasing of employment, the Czech Republic needs to ensure that increase of wages follows the development of productivity. Relatively high taxation of wages and fiscal costs of the work slow down creating new working positions and they draw away low qualified labour from the labour market to social allowances and/or to illegal working. Reform of tax system and system of allowances should discourage people from becoming dependant on allowances and it should ensure that fair job pays well.

c) Bringing more people to the labour market and making work real choice for everyone

Even when the situation is above average of the EU, we should concentrate on increasing of rate of women employment and employment of older employees. Increasing of part-time jobs offers should contribute greatly to this goal. We must increase our efforts to integrate most endangered groups of labour markets. This is necessary for the regions outside Prague

ıd for gypsies. It requires active and preventive measures of labour market combined with ıeasures against discrimination and concentrated on education, training, support of business ıd creation of job positions. The priority should be modernization of public services of ıployment.

) Higher and more effective investments into human capital and life-long learning

Connected to recently accepted strategy of human resources development we see that ıcreasing of tertiary education and training is of crucial importance for creating job positions ıd supporting professional and regional mobility.

5. PRIORITIES IN THE FIELD OF SOCIAL MATTERS AND UNEMPLOYMENT

Priority No.1 – Active and preventive precautions for unemployed and inactive persons

Member states will develop and execute active and preventive measures for unemployed and inactive people that should prevent increasing of number of long-time unemployed people and it should support tenable integration of unemployed and inactive people into employment.

Priority No.2 – Creating job positions and supporting business

Member states will support creation of more and better job positions by business support, innovation, investment capacities and favourable business environment for all companies. Great attention will be given to using of potential of new companies, sector of services and research and development of new working positions.

Supporting process of comparison of policies for support of business and realization by European Charter for Small Enterprises[29] the policies will concentrate on:

- Simplification and decreasing of administrative and regulation stress for new companies for small and medium enterprises and for accepting new employees, for easier access to capital for new companies and existing small and medium enterprises, enterprises with high capacity of development and creation of job positions
- Support of education and training in the area of business and management skills, including vocational training that will enable everyone to choose own private business as his career..

Priority No.3 – Solving of changes and strengthening of adaptability and mobility on the labour market

Member states will support adaptability of employees and companies and they will take into consideration need of flexibility and safety of employees and they will also emphasize key role of social partners.

[29] *Entering European Union – gains and costs of convergence, Petr Zahradník, C.H.Beck*

Priority No.4 – Supporting development of human capital and life-long learning

Member states will implement strategy of life-long learning including for example increasing of quality and effectiveness of education systems and training. Goal is to endue people with skills that are required from modern labour force in the knowledge based society, to enable development of their career and decreasing of unbalance and obstacles on the labour market.

Priority No.5 – Increasing of labour force offer and supporting active aging

Member states will increase accessibility of job opportunities and to support economical development and employment this way, when at the same time it will take into consideration mobility of working force.

Realizing of this policy will concentrate mainly on increasing of average pension age similar to EU by 5 years till 2010 (estimated value was 59,9 years in 2001)[30]. Important role is this of social partners. All goals planned on the level of state should be consistent with results expected at the level of EU and they should also take particular conditions of the state into consideration.

Priority No.6 – Equality of women and men

Member states will be integrated system combining gender mainstreaming and specific ıctivities, supporting participation of women on the labour market and they will reach ignificant decrease of differences in employment rate, unemployment rate and in rewarding ıen and women till 2010.

riority No.7 – Supporting integration of people handicapped on the labour market and ghting against their discrimination

Member states will support integration of people who are standing against great problems, r example people who early left school, employees with low skills, people with some

www.euroskop.cz

handicap, immigrants and ethnic minorities. They will support their integration by developing their employability, increasing of job opportunities and preventing all forms fo discrimination.

Priority No.8 – To ensure that it is advantageous to work, by incentives to ensure that work becomes more attractive

Member states will reform financial stimuli to do working more attractive and to encourage men and women to seek and to stay at work. By this context member states should develop appropriate policies aimed at decreasing number of poor working people. They will re-evaluate and reform tax systems and systems of allowances and their relations to eliminate unemployment, danger of poverty and inactivity and to support interest of women, low qualified employees, older employees, disabled people and people outside the labour market to work.

Priority No.9 – To transform illegal working into formal working

Member states will develop and execute wide range of activities and measures to eliminate illegal working. Activities include simplifying of business environment, removing de-motivation and preparation of desirable stimuli by system of taxes and allowances, better forcing of laws and using penalties. They will make necessary efforts on the national and European level to measure range of this problem and what progress was achieved on the national level.

Priority No.10 – Solving of regional differences in employment

Member states should execute complex steps leading to decreasing of regional differences in employment and unemployment. They should support potential to create job positions on the regional level including potential of social economy and they should strengthen partnership with all parties involved at the same time.

6. CARE OF EMPLOYEES

6.1 Care of employees as personnel activity

Care of employees is personnel activity where interests and goals of organization are inosculating and influencing individual interests of employees and also social goals (social reconciliation, prosperity, franchise). By care of employees employer pursues his own goals but he must also respect interests of employees and society. Care of employees does not follow some primary social goal, but it is the tool to gain, stabilize and motivate employees and therefore it serves to interests of organization.

Crucial influence on working and especially private life of employees has their working regime and working hours, because it determines not only his availability, but also his free time. It means that it determines his lifestyle and standard of living, satisfying his private needs, his health, reproduction of his working abilities and many other aspects.

If the length and allocation of working hours causes conflict between interests of employer and those of employee, that is resolved by the law. The law states maximal amount of overtime working, usually in period of day, week and year. And also working hours allocation is determined by the law.

The law states length of breaks during the work and their schedule during the working hours (relay).

6.2 Working conditions of employees

Another area of care of employees are working conditions – summary of all material conditions of working process (machinery and devices, manipulation means, personal protection devices, raw materials, construction solutions)), which together with other conditions (technology, organization of work, social conditions of work) influence worker during the process of working. Structure and standard of working environment influence well-being during the process of working, efficiency but also health condition of employee. Personnel work in connection with working environment concentrates on space solutions of

working place, physical conditions of working and social-psychological conditions of working.

Solution of space on working place must provide for employee[31]:

- Good working position
- Optimal visual conditions for working depending on visual complexity of the work
- Appropriate height of working desktop adjusted to height of employee
- Optimal movement space for work of hands and legs
- Comfortable access to working place, i.e. sufficient access paths without obstacles, especially random ones

Physical conditions[32] of the work are usually possible to measure and their desirable level is given by hygienic regulations on behalf of employee. Physical conditions of work consist of following factors:

- Working environment consists of temperature, humidity, speed of air movement and cleanness of air
- Lighting where primarily illumination is measured (amount of light on given surface), equability of lighting (relation of lowest and highest value of illumination on given surface), possibility of dazzling, direction of lighting (given by need of plastic sensation of the object and effort to prevent dazzling) and colour of the light (in case of artificial light)
- Noise defined as a noise that has uncomfortable, disruptive or harmful effect
- Colour design of working place that serves as a tool for signalisation, improving lighting conditions, psychological influencing of employee and achieving of aesthetical effects.

Social-psychological conditions of work bear on the fact if employee works in permanent contact with other workers or if he works alone, isolated. Some jobs or tasks require co-working of several employees, other jobs require only sometimes such cooperation and other work is done independently by one employee. In some jobs it does not matter if

[31] www.bozpinfo.cz
[32] *Same source*

working place is shared with some other employees, but in some jobs this reality could decrease working efficiency. On the other hand we must take into consideration that man is social entity with differentiated need of contact with other people. Excessive isolation at work can make him feel inconvenient and that could resolve in his attitude to work and on his working efficiency.

6.3 Work law relations between employees and employers

Work law relations

Experience tells us that knowledge of work law regulations is very important for employer with employees. Control by Employment Agencies concentrates on sticking on the work law rules at their company. For the control activity work law relations consist of laws about employing, Law Code, Law about collective negotiation, Laws modifying wages and travel compensations and Law protecting employees in case of insolvency of employer.

The main work law regulation is Law No. 65/1965 Sb., Law Code[33], effective. Law Code regulates problems connected to start and end of working relation, working hours and breaks, wages, compensation of wages, safety and protection of health during the process of working, care of customers, responsibility for damage and compensation of damage, agreements about work done out of main working relation.

Trade unions

They are not part of business institutions. They are partner organisations taking care about employment, success and effectiveness of solid enterprises especially in bigger companies. They have important role in the discussions of tripartities. Trade unions are thought to be exclusive representatives of employees on the national and company level concerning questions of wages, working rules and also in case of conflicts. Restructuring of economies and creation of small companies weakened organizing of trade unions. Membership in trade unions is influenced also by high unemployment, connected to difficulty to pay member fees, especially in case of young people. By the Law Code Trade unions have the right to control work law regulations, internal wages regulations and collective agreements that include requirements of individual employees.

[33] *www.zakonycr.cz*

Law Code is nationally valid law norm that states, optionally adjusts:

- **Way of start, process and end of working relation**
- **Terms of special types of working relations – by election, nomination, side line**
- **Keeping the working discipline**
- **Fundamentals and allocation of working hours, overtime working**
- **Holiday to recreate**
- **Wages and compensations**
- **Safety and protection of the health during the work**
- **Responsibility for damage and compensation of damage**
- **Working conditions of women, adolescents**
- **How to resolve working conflicts**
- **Work done out of main working relation**

The Law Code deals with other special provisions. It is basic law norm that all employers and employees must respect and possible conflicts are solved by this law. It can be instanced in the Collective Agreement – that is agreement of management with the Trade Union (they can agree for example longer holiday, shorter working hours, etc.). If there is no Trade Union in the company, so called Internal regulation is prepared – it can arrange all conditions both sides (employees and employers) are interested in.

Work law relations can be created only with approval of individual and employer.

6.4 Working relation

- **Is two sided legal act and it starts by concluding working agreement between employee and employer.**

Employer is required to agree with employee in the working agreement:

- **Kind of work that employee is engaged in**
- **Place of working**
- **Starting day of working**

These requirements are mandatory, without them working agreement is not valid. Lawyers advise stating of wage terms to prevent future conflicts. Both sides can agree other conditions (service car, payment range, other type of working hours). Agreement must be in paper form. The only exception is if the agreement is for the time shorter than one month. We can agree trial period in the working agreement – it can be maximum 3 months.

Working relations and legislation of personnel work

- Social-economical rights of citizens are enlisted in „General declaration of human rights" – right to congregate, recognizing of human decorum, equity of men and women, free development of personality, free choice of employment, fair and satisfactory working conditions, protection from unemployment, pretension to fair and satisfactory reward for working.
- „European social charter": right for collective negotiation, to protect working women during maternity leave, right for advisory service when choosing job, right of disabled people to be involved in the society, right for higher reward for working overtime, right for suitably long notice period when leaving job.
- „Charter of Fundamental Rights and basic Freedoms"
- „Law Code"
- „Law about employment "
- „Law about Collective Negotiations"

6.5 Personnel and controlling

Personnel

- Process of ensuring right people for the organisation at the right time and on the right place
- Process of ensuring harmony between requirements of working place and offered abilities of employee, who is chosen for given working place.

Controlling

- Process that identifies rate of fulfilling of given goals using feedback activity. That activity is based on monitoring and evaluating of executed activities as a pre-requisite of possible correction of managed process
- No process can be evaluated without knowledge of given goal.

Phases of controlling process:

- Stating of control effects
- Construction of control mechanism
- Collecting of relevant information
- Evaluating of variations ⇒ here the control ends
- Defining of regulation precautions ⇒ here correction process starts
- Regulatory intervention ⇒ here is executed activity of correction

Bearers of control:

- External control bodies – Revenue authorities
- Internal control authorities – workers doing self-checking, direct line superior workers

Inspection of the work

ıspectors of work were established in May 2005[34]. Their task is to supervise observance of rking-law regulations. Law controls creation, position of inspector authorities characterized ı control authority in the sector of working relations and working conditions protection. At same time it states sphere of action and competence of these inspection bodies, their rights duties during control and penalties they can apply to these who violate the law given ies.

have another general inspector

State labour inspection authority was established by the law together with regional ıbour inspection offices, that serve as administrative authorities. Seat of the authority is in ɒava. The authority is accounting unit. For managing assets of the state including means state budget these inspection offices have status of internal organisational units of the thority. The authority is managed by Ministry of Labour and Social Things. Head of the thority is general inspector. Management of particular inspection offices are head spectors.

Working and living conditions of employees and their professional development

Employers are required to create working conditions that enable safe working, to remove y and hard work and to create, manage and improve facilities for employees, including ɔearance and design of working places.

Employers are responsible to provide food for employees in all relays. This responsibility ıot necessary for employees sent to working trip.

ww.mesec.cz

Care of qualification of employees and its increase

Employee is required to continue in increasing his qualification to do his job agreed in working agreement; by increasing qualification we understand also its maintaining and restoring. Employer has right to order employee to participate in training for increasing qualification.

Employers guarantee adequate relevant practice to graduates of secondary schools and universities, who enter working relations, to acquire practical experiences and knowledge needed for good and reliable working results and for future professional advancement..

7. SAFETY AND HEALTH PROTECTION IN WORKING PROCESS

7.1 Ensuring safety and health protection in working process

Employer is required to ensure safety and health protection of employees in the working ›cess concerning risks of possible endangering of their life and health when doing their ırk. Duty of employer to ensure safety and health protection during the working process ers to all people who are present on the working place and he knows about them. All levels management of the employer are responsible for doing tasks connected to maintaining ety and health protection in the working process. These tasks are equivalent and they are egral part of their working liabilities. If employees of two or more employers are working same working place, employers are required to inform each other about risks and to ›perate to ensure safety and health protection in working process.

ry employer is responsible to:

Ensure that his working and work of his employees is organized and done such way that kers of another employer are protected too

Cooperate on ensuring safe, unobjectionable working environment that does not threaten lth for all employees present.

ts connected to ensuring safety and health protection during the working process has to be l by the employer.

ks prevention

Employer is required to create such conditions to ensure safe, unobjectionable working ronment that does not threaten health by proper organization of safety and health ection in working process and to accept precautions to prevent risks.

evant competency

Employer is responsible to do tasks to prevent risks. Such tasks are accomplished by vant competent employee. If there is no relevant employee and if employer is not vantly competent himself, he is required to ensure accomplishing such tasks by hiring her relevant competent person.

7.2 Systems of working safety management

Branches of standard safety management and protection of health in working process are used, based on standard OHSAS 18001. **It is based on British standard**[35] *BS 8800:1996 Guide to occupational health and safety management systems)*, **that is not one of international standards ISO, but it is** compatible with **ISO 9001** and **ISO 14001, internationally acceptable** and it enables integration of the systems of quality management, environment and health protection in working process into one common documentation..

The intent was to minimize direct and indirect consequences of accidents (costs of training of new workers, compensation of harm, insurance, penalties, loss in production, damage of machinery, loss of customer's confidence, decrease of employees' morale, etc.).

7.3 Duties of employer

(1) Employer has to:

a) prevent employee to do work that is not suited for his abilities and his health capabilities.
b) inform employee what category is his work; category of work is given by special legal regulation,
c) ensure that work which is stated in special legal regulations, is done only by employees with hygienic licence, who undergo special vaccination or who have evidence of immunity against disease,
d) to inform employees what hospital provides preventive attendance for them and what types of vaccination and what preventive visits to doctor pertinent to their job they have to take. He has to enable employees to undergo these vaccinations and check-ups and exceptional preventive check-ups stated in the special legal regulation or given by decision of public health protecting authority,
e) to provide training about legal and other regulations to ensure safety and health protection in working process – that training will supplement their qualification pre-requisites and requirements for performing the work and their working place; regularly check their knowledge and continually require and control sticking on the rules,
f) to provide for employees, especially to employees for definite period of time, adolescents and their legal proxies complete and appropriate information based on the type of the work. They should inform especially about safety and health protection, information about risks, evaluation of risks and about precautions to prevent such risks and their effects. Employer has to inform pregnant and nursing women about risks and impacts to their pregnancy or nursing and to ensure decreasing or removing of such risks, including decreasing of risk of psychical and physical fatigue connected with their work for all necessary time. Information and instructions must be given especially when engaging employee, his transfer or change of working conditions, change of working environment, installing new or change of working means, technology and working procedures,
g) to enable employee to see evidence that is done about him, if this is necessary to ensure safety and health protection in working process,
h) to provide first aid for employees,
i) not to use such way of rewarding the work that leads to endangering of employee and which can endanger safety and health of employees while trying to increase their performance,
j) to ensure abidance of smoking restrictions given by special legal regulations.

Employer has to manage documentation about trainings, information and instructions.

(2) Employer is required to adapt room for pregnant and nursing women to rest on their working place.

(3) Employer has to provide technical and organisational measures at his costs for disabled employees, especially by changing of working conditions, adjusting of working place,

[35] www.bozpinfo.cz

creation of protected workshops, training of such employees, increasing of their qualification for doing such regular work.

7.4 Discretions and duties of employees[36]

(1) Employees have right to have safety and health protection during their work ensured, they have right for information about risks of their work and information about measures taken to prevent these risks.
(2) Employees can refuse doing work that they think is endangering immediately and seriously their life and health, or life and health of other persons; such refusing can not be taken as failing to meet duties of employee.
(3) Employees have rights and duties to participate in creating of healthy and safe working environment, especially by applying of given and accepted measures, and by participating on solving of safety and health protection problems.
(4) Every employee has to care about his own safety, his health and safety and health of people his work can influence. Knowledge of regulations and requirements of employer to ensure safety and health protection in working process is integral and continual part of qualification pre-requisites of employee. Employee is obliged to:
a) take part in training organised by employer in order to ensure safety and health protection and employee has to undergo testing of such knowledge,
b) to undergo medical check-ups, vaccination and diagnostics stated by special legal regulations,
c) To stick on legal and other rules and instructions of employer to ensure safety and health protection in the working process and to follow policies of safe behaviour on the working place and by information from employer,
d) to keep given working methods, to use only given working means, means of transport, personal protective working means and protective devices and not to arbitrary change them or damage them,
e) not to drink alcoholic drinks or other habitudinal agents on the working place of employer and during working hours even outside these working places, not to enter working place under such influence, not to smoke on the working place where non-smokers work. Forbidding of

[36] www.zakonycr.cz

ıolic drinks usage does not apply on employees in hot working environment if they use with low content of alcohol and to employees who have drinking of such drinks as part ːir job tasks or if drinking of alcohol is connected to their tasks,

ˈeport all embarrassments and faults of the environment that can endanger safety or ı in working process and to participate in their elimination; to report immediately work ˈ to employer, if it is possible or to report work injury of other worker he witnessed, and ›perate on investigation of its causes,

ındergo test for detection of alcohol or other habitudinal agents when instructed by chief ınel stated by the working order.

. BENEFITS FOR EMPLOYEES IN THE CR IN EXAMPLES OF PARTICULAR IRMS AND THEIR CARE OF EMPLOYEES

.1 Providing of employee benefits

More and more firms try to provide employee benefits today. It is usual that big companies vith foreign capital provide better employee benefits, but it is not always that way. Employee enefits should be given to employees by the firm to support their own interests. This trend vill be more common in our country and it will develop.

Reasons to provide employee benefits:

- Effort to keep good employees.
- Satisfaction of employees leads to better motivation and feeling of being part of the company.

Next advantages:

- It is favourable for employers and employees because these benefits are non-monetary reward, because they don't have to pay income tax and not even social and health insurance fees.
- Practical benefits for both sides. Employees will have a possibility for self realizing in their spare time and effectivity of their work will increase..
- The company will receive good name in public thanks to pleased employees. It will strengthen successful and earnest name of the company.

t is convenient to combine employee benefits so that every employee can use them to his own advantage.

No.4: Most often employee benefits

yee benefits	Percentage of surveyed firms
ing laptop computer	98
ıny mobile (cellular) phone	93
ting of luncheon vouchers	93
ing company car	92
to Internet	89
ıge education	88
veek of vacation	80
ny payment cards	78
ıment at work	71
arties	69
ıent insurance	67
; place	67
vents	64
standard health care package	58

Mladá Fronta DNES, April 2006,Appx. Job and Career

r often used employee benefits:

Meal tickets

Contributions for sport and health

Contributions for culture and recreation

Education courses, training, increasing of qualification

Additional retirement insurance

Contributions for accomondation and transport

Using company car for private purposes

Special favourable loan terms

Gifts for life jubilee, anniversaries

Free tickets

Extra money to sick pay

Employee shares

8.2 Particular companies and their care of employees

a) ABN AMRO BANK

Bank ABN AMRO has been working in the Czech Republic since 1991[37]. First it had representative office in Prague and then it has been working as Prague branch office with bank licence since 1st July 1993. Instead of Prague branch office there has been Brno branch office since November 1995 and new representative office in Bratislava, Slovakia since February 2004.
Stratey of the bank is to offer high-quality services of company and investment banking for chosen group of clients, which consists of medium and big companies, institutions and public sector clients.

ABN AMRO offered their services in the Czech Republic also through its subsidiary company ABN AMRO Asset Management, a.s., which has wide range of ABN AMRO funds in its portfolio. This company was sold by the bank in 2005 and firm was renamed to Atlantik-Kilkullen Asset Management a.s. (www.atlantik-kilcullen.com).

ABN AMRO Bank N.V. was found in 1824 and it has about 3 000 branches today and there are about 98 000 employees in more than 60 countries. Assets of company ABN AMRO are more than 899,3 billion Euro (data from September 2005). By its level of assets ABN AMRO Bank is 10th biggest bank in Europe. The most prestigious world agencies, which provide evaluation of financial institutions - Standard & Poor and Moody´s have marked ABN AMRO Bank by the grade AA- and Aa3, and therefore ABN AMRO is considered to be one of the most trustworthy world banks.

Employee care

There are very good interpersonal relations in the ABN AMRO Bank. Management of the bank has the real authority, employees are very satisfied with management of the bank and managing of employees. Only University graduates with big experiences work in this bank and there is very pleasant working atmosphere. Bank works with large amounts of foreign capital, their care of employees is of high level. They pay 13th and 14th salaries to their employees, they pay 50% of meal costs, they also notice birthdays and every 5 years employee is rewarded by some nice present like cheque for some shopping centre. Christmas is also very important moment and Christmas atmosphere is provided by pleasant practical gift to every employee. Company tries to sustain good relations between branch offices and continual personal contact and there are sport and social meetings for their

[37] *www.abnamro.cz*

employees once a quarter. Employees are also supported in their healthy lifestyle and they are getting some allowances for their sport activities. There is also extraordinary interest in employees shown by 5,5 weeks of vacation. Employees work in very pleasant environment. Branch in Brno changed their seat because they got better working environment and working conditions. Employees are continually trained in their branch, they have maximal protection for their working, there is great interest in increasing of their qualification, for example regular language courses. They also offer favourable bank services to their employees, free banking costs, loans, etc.

b) AUTO KELLY

Company Auto Kelly is one of the major importer and distributor of car spare parts for cars and pick-ups of all types. It has been working on the market of spare parts in the Czech Republic and Slovakia for more than 10 years. It is partner of many important car producers for whom it provides distribution of their production. The most important goal of AUTO KELLY is satisfied customer.

1994 – Establishing of the company

1997 – Establishing of AUTO KELLY in Slovakia

1999 – New branch office in Brno

2001 – New central warehouse in Prague 9 - Vysočany

2002 – New branch office in Olomouc

2003 – New branch offices in Hradec Králové, Ostrava, Ústí nad Labem

2004 – New branch offices in Plzeň, České Budějovice and Prague 5

‚There is the only one most important man in every company - customer ".[38]

www.autokelly.cz

Warehouses

There was a central warehouse in Prague 9 found in January 2001[39]. The warehouse is with its 10.000 m2 of space the largest spare parts warehouse in the Czech Republic and Slovakia. It enables Auto Kelly to have all range of spare parts on stock including spare parts for very rare models of cars.

Care of employees

Company Auto Kelly has wide range of employees with different levels of education, but they try to treat all of their employees as equal and to support their professional growth. Possibility of promotion is very likely in that company, if the employee is trusted by the management. So every position in this company is very motivating. The company provides food in its building, they support their employees by 30% of costs of their meals. Employees are working 8 hours a day, part of their working hours is 30 minutes lunch break that is full paid by the employer. Employees of Auto Kelly have 5 weeks of vacation, management of the company accepted internal regulation that any employee can ask for 2 free hours once a two months without stating the cause to do his personal arrangements or to visit doctor. The company then contributes to insurance of their employees, including accident insurance and also retirement insurance by 50% of the costs. Employees take part in sport weekend every six months to improve interpersonal relations. Every employee have right to buy range of car spare parts till some level for the cost price.

c) VELUX

Name VELUX[40] is combination of two words – **Ve**ntilation and **Lux** (light in Latin). The name VELUX was given to this company by its founder, engineer Villum Kann Rasmussen. He drew up and produced first modern roof window in 1942[41] and by this he enabled future optimal usage of the room under roof. Since that time company VELUX brings light and fresh air to attics and it contributes to pleasant homely and working environment.

Today the branch VELUX is well known by its final consumers and also by professional customers like proprietors or architects all around the world.

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[39] *www.autokelly.cz*
[40] *www.velux.com*
[41] *Same source*

VELUX products

Roof windows VELUX connect high quality and attractive design. The result are many types of windows produced in one concept base.

VELUX values:

Involvement

Involvement and diligence are created by pleasant and suggestive work.

Mutual respect

Our behavior towards others should be similar to the behaviour we expect from them.

Improving

Continuing improvement in our tasks is vital to our future.

Local initiative

Local initiative is important for reaching of our common goals.

Solidity

It is our way to increase reliability, quality and foresighting.

Care of employees

Seat of the company Velux s.r.o. is in Brno, not in Prague. The company needed enlarging of working environment. They built new building at the edge of Brno. Main seat of Velux company is built in modern architecture, typical design for the company producing roof windows. Thanks to roof windows Velux the working environment is very pleasant and professionally lightened, daylight is used at maximal rate and that is the main guarantee of the roof windows Velux. The company is growing all the time and it has few expert departments. Care of employees is of high level. Possitive environment of the company is reflected on working results of the company. Employees of Velux have numerous advantages. The company provides food in the main building and it contributes 90% of food costs to their employees. There is possibility for the employees to park on protected parking place next to the company building. Employees have 6 weeks of vacation, they receive all advantages connected to company's education activities and development, to sport activities. Every department has its own fund that can be used for whatever they wish – it is usually used for joint dinners and cultural events. Whole company takes part in sport and social events where employees receive maximal comfort and entertainment, to strengthen human relationships in

the company. Employees receive contribution for accident insurance and they can buy roof windows and goods associated to the windows – they get such goods for 50% of the price for some period of time. Employees use firm cellular phones and cars. The company provides teaching of foreign languages. Employees are evaluated for their working efforts, birthday is noticed in case of every employee, Christmas is maximally considered and employees are appreciated well. The company Velux provides professional growth of employees, it prefers internal movement of employees. Very motivating are possibilities of working positions in foreign branch offices. There is very pleasant working atmosphere in the company and thanks to maximal comfort the effectivity of work of every employee is increasing.

9. Free movement of people

9.1 Free movement of people and social aspects

At the time of origin of the European Economical Community (EEC) the greatest pressure was on economical indices and very important was to create joint market. In the Rome Agreement there was written that it should be joint operation to enable economical and social development of member countries, but these goals were conformed to the task to create joint market and by this to create free labour market. Working market should create social situation and to unify social conditions in member countries. Instituions of the society were given no special authority at first. This approach was overcome with realization of joint market. Free movement of production factors brought doubts about possible negative social consequences. Expected increase of competition on such wide market could endanger social achievements and especially in less productive countries to decrease attained social standards.

European Union is not only economical society but it has also social goals. Headstone of Union's social policy is Union Chart of basic social rights of employees accepted in 1989[42] and integrated into Amsterdam Agreement. It summarizes basics for European model of working and living conditions. It guarantees liberty of movement within the territory of European Union connected to rights to accept employment in any country without special working permit and with equal terms. Than they assume that joint market will lead not only to improving of life and working conditions, but also to their continual approximation.

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[42] *Basics of EU Law for economists, Vladimír Týč, 2001, Linde*

Employers and employees have the right to freely associate and membership or non-membership cannot harm anyone. Both sides have right to enter collective agreements. Every employee in the country of EU have right to access professional education and that right is valid in all his productive age. Men and women have the same working conditions. Employee has the right to work in healthy and safe environment.

Rules connected with free movement of employees refer to four fields:

1. Equal opportunities for men and women. Guidelines give conditions for equal working opportunities.
2. Coordination of social security system for employees.
3. Health and safety at work.
4. Working law and working conditions. It provides rules for large discharging of employees, during transfer of company, during insolvency, duty of employer to inform employees about his rights and duties and about working conditions and to stick on the rules of protecting young people at work. European Council of Work was founded.

Amsterdam Agreement brought much new things to social position of employees. It especially codifies that European Union respects social rights included in European Social Chart of European Council from the year 1961 and Social Chart of the Community from the year 1989[43].

9.2 Free movement of employees: recognizing of expert qualification

Doing some profession is conditionaled on getting necessary qualification that is provided by national education system. Requirements to get the qualification can be different in different countries.

Joint market enables free movement of people, employees.

It means in the Union that:

a) Every citizen can apply for an offered job in any member counry of the EU,

b) he can freely move through all territory of EU to achieve that,

[43] *Entering European Union – Benefits and costs of convergence, Petr Zahradnik, C.H.Beck*

c) he can live or resident in any member states of the EU to do the profession in consistence with the employment rules of that state. Member of one state can freely buy and use real estate on the territory of other member state,

d) he can stay on the territory of other member state even after he finishes his job.

If any of the basic freedoms of joint market ought to be implemented without restrictions, it is necessary that member countries agree that they will reciprocally recognize results of expert education received in native country of the employee. That is the only way to ensure, that employees are not discriminated for their nationality.

Legislation of the European Community includes directives by which expert qualification received in other member country is recognized. That makes free movement of employees, their living in other countries and offering services, easier. Without that rule the freedom of living, offering services in other member country as well as the right to apply for a job, would be only on paper.

10. Social policy

10.1 Social Committee of the European Union

It is consultative body that offers consultations and counselling for EU institutions with decision rights about impacts and consequences of social and employee tasks in context of whole EU. The Committee consists of representatives from wide range of economical and social orientation. These representatives can be divided into three main groups:

- Employers
- Employees
- Specialized and expert aimed functions

The committee has 189 members nominated by the governments of member states and established by Council of EU for repeatable four-year-period.

Social dimensions of European unification process was concentrated mainly on the field of wages policy, employment, children care, creating financial reserves for social matters, health and safety of work and anti-smoking campaign soon after creation of Single internal market.

The purpose was and is for social dimension to be in terms of Single internal market natural equivalent to liberalisation measures in business sector.

10.2 Social consistency: Employment and unemployment

Employment in the EU increased by 2 millions of people till 2004 (before the last EU expansion) but employment rate did not increase considerably, it is about 60% today. The goal of the EU is to reach 70%[44] in 2010. Only 4 member states reached employment rate above 70% in 2004, some countries decrease average employment rate in the EU, their employment rate is only 40%[45].

Influences affecting employment rate in the EU:

- Increasing employment of women, but there is still less employed women than employed men
- Massive decrease of employment in agriculture

Differences of member states and regions of the EU still prevail. In backward regions these states try to decrease great differences in EU employment, using restructuralization. The reason is insufficient labour but with parallel high unemployment and that causes disharmony between supply and available qualification of labour force. Solution of this problem can be found in increasing of education standards concentrated on given sectors.

Possitive trends of employment development are decrease of long-time unemployment (but this is still a big problem) and decrease of young people unemployment.

Long-term average unemployment rate is about 10,2% in newly attached countries. It is similar to other member countries of the EU, where this unemployment rate is 9,3%[46]. Similar effect has employment that is about 61% in case of new member states of the EU[47], which is little less than the rate of long-term members of the EU.

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[44] *Businessmen's guide to European Union, V.Šmejkal, R.Kadlčák, L.Urban, issued by Ministry of foreign matters of the ČR*
[45] *Businessmen's guide to European Union, V.Šmejkal, R.Kadlčák, L.Urban, issued by Ministry of foreign matters of the ČR*
[46] *Practical personnel after entering EU, Kahle, Bohuslav*
[47] *Same source*

We can identify sifnificant differences:

- Regional differences are smaller in case of newly attached countries, but they are significant
- Women leave the labour market in newly attached countries, but their employment rate is increasing
- Employment in traditional branches is higher than that in long-term members of the EU
- Employment in agriculture remains high thanks to Poland[48], it is five times higher in average, but Czech employment in agriculture is similar to the average of current members of the EU
- Labour productivity is lower in case of new members
- Employment in services has increased in new member countries, but it is valid more for capital cities than for other regions of these countries.

Long-term forecast of employment and unemployment will be influenced by the demographical development. Population of old EU members is growing older, it is different in case of new member countries – increase of the young people 20-35 years old is expected. Thie feature should become favourable compensatory factor for aging population and labour forces.

Demographical development in the Czech Republic is closer to characteristics of older members of the EU.

10.3 Policy of unemployment and human resources development

Coordination for development and implementation of employment policy is provided by the European Employment Strategy (Amstrodam Agreement from 1997) – it specifies outlines for active labour market measures.

Operational outlines of European Employment Strategy is called Luxemburg Process – its goal is to increase employment and decrease unemployment through:

- Employment of working force
- Development of business activities
- Creating new opportunities

[48] *Labour Law after entering EU – Galvas, Prudilová*

- Adaptability of tradesmen and employed people

Luxemburg Process is adapted to particular conditions in every member state (Natinal Action Plans).

11. Working in the European Union

11.1 Possibility to get a job in the European Union

Rights and social protection of employe in the European Union, his access to labour market, suggestions how to get a job and what documents are necessary, list of favourable jobs, EURES service[49] and EUROPASS document, information about working in the EU countries and institution – all these are information available to public.

The right to live, work and study in other member countries is given to all citizens of the European Union and it is one of the EU basic rights. People from two different EU countries, interested in the same working position, cannot be treated in a different way by different requirements and there have to be the same conditions for both of them in entry interview[50].

To guarantee this law there were many safeguards prepared to prevent discrimination of migrating employees comparing to domestic ones. Migrating EU citizens and their families ought to be treated as citizens of host country especially in consideration with employment and working conditions, tax and social favors, labour unions rights and social collaterals.

To exactly state and guarantee rights of employees there were many regulations and rules accepted by the EU Authorities. The important role in defining of basic concepts and development of employee rights, EU citizens, played the European Court. The result was offering of wide scale of rights to this group of citizens

[49] www.eures.cz
[50] *Labour Law after entering EU – Galvas, Prudilová*

11.2 Equal conditions for EU employees

One of the important tools to protect rights of the EU citizens is prohibiting of discrimination for any reason. Rights of the employees are stated by the Council Act (EHS) No. 1612/68 from 15th October 1968[51] about free movement of employees in the area of the Community. Nationals of member states have the right to accept job in other member state with the same conditions as domestic employees. Member countries cannot break this rule by stating norms and procedures that would handicap foreigners – EU citizens – access to the labour market, for example by giving work permits or by establishing quotas.

No discrimination in working conditions is permitted for workers and people coming to work to given state from another member countries. The rule defines reward, allegation, requalification but the prohibition is valid for all working conditions.

There is the rule about equal position of men and women: if employer in the European Union employs man and woman, who are doing the same work for him, he has to pay them the exactly same wage. The only possibility for wage differences is when there are objective factors connected to level of qualification or simply when one of them has better and longer work.

Stated Regulation No. 1612/68[52] gives employees right to attend expert trainings with the same conditions as domestic employees. European Court limited that right to prevent excess costs in the states where the system is very generous to their citizens.

Employees on the territory of other member state have right to enter labour unions and to be active in their working.

11.3 Right for free movement of workers

The right for free movement of workers is based on founding agreements and than it is defined and developed exactly in the Committee Regulation No. 1612/68[53] about free movement of workers inside the territory of the Community. The right for free movement guarantees that EU citizens have the same access to labour market of member state as do

[51] *Basics of EU Law for economists, Vladimír Týč, 2001, Linde*
[52] *Basics of EU Law for economists, Vladimír Týč, 2001, Linde*
[53] *Same source*

of that state. There can be no restrictions, permissions or other conditions applied to ıt that are not valid for the own citizens of that state.

ıg and living on the territory of member states

; problem is solved by Regulations for removing limitations of movement and living of ːr states' workers and their families inside the Community. The person, who enters ·y of different member state with intent to work there, must be admitted with his family rovides valid identification card or passport. Receiving of permission to live in that y may depend only on providing document that was used to enter the territory and on ling the document proving that he got the job. Family members of the worker must le document used to enter the territory and document proving their family relation or dependance on the earnings of worker.

ıcipation of EU citizens in selection process to get a job

U citizens have the right to equal approach to job opportunities and following equal ment. The persons from different EU countries concerned in job opportunities cannot be ed by different requirements and there must be equal conditions for both of them in the ction process. Citizens of every member state of the European Union can apply for a job ny company on the territory of any member state.

4 Working possibilities in the European Union Institutions

European Union directly influences life of EU citizens in all 25 member states. Their als are reached by implementing of different policies affecting branches like f. e. riculture, monetary and financial taks, engergetics, transportation, environment, ternal security, social policy, external economical and political relations, development ıoperation, etc[54]. Thanks to that wide range of activities EU institutions offer great ossibilities for long-time and interesting working career not only for experts in articular branches, but also for graduates without long-time practice.

[4] www.integrace.cz

1. Career in the EU institutions

The Czech Republic became on 1st May 2004[55] full member of the European Union. Today EU institutions start to employ also workers from the Czech Republic.

[55] *Managers' competency in the European Union – Zdenek Dytrt a kol. , C.H.Beck pro praxi*

Personnel policy of the EU

Table No. 5: Category of permanent EU employees:

A – expert officers (administrators)

LA – interpreters and translators

B - assistents

C - secreataries

D – other unskilled staff

Category A was split into 8 levels from **A8** (assistant administrator) to **A1** (managing director).

Source: Euro info center – web pages

Part of the career rule changes is also reform of wages system that lowers entering wages but that makes it possible to get higher wage during the continuing career than it was possible in the present system. Different extras and compensations are added to the wages and these are modified by this reform too. One of these extras is f. e. expatriation extra, surcharge for the household for the family protector, surcharge for children of the age under 18 (for students till the age of 26), reinbursement of school-fee for children under 26 year or single "migration packet"[56]. On the other hand from above mentioned compensation we must deduct 9,25 % for retirement insurance, 1,75 % for health insurance and income tax 8-45 % (based on the basic wage level), that is paid to the budget of the EU[57].

EU budget is then used to pay pension to union clerks. Present pension system in the EU institutions offers to clersk pension at the age of 50 to 65 (normally the pension age is 60), when they will receive 70% of their basic wage after 35 years of working[58]. Reform leaves that system unchanged for officers that are over 50 years old or if they worked for 20 and more years[59].

For the present officers and for new officers this reform means increase of the retirement age level to 61 – 63 years[60].

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[56] www.euroskop.cz
[57] *Same source*
[58] *Same source*
[59] *Same source*
[60] *Same source*

How to become EU officer?

Accepting employees for the EU institutions is based on selection process that is announced by European Personnel Selection Office - EPSO[61]. EPSO announces selection process for all main institutions of the EU (European Commission, European Parliament, European Court, Account Court, Economical and Social Committee, Committee for Regions and European ombudsman).

People interested to work in the EU institutions who successfully pass the selection process are laced to so called reserve list (blue list)[62], which institutions use to choose by profiles of candidates for free job positions. Candidates accepted on the level of actual category can expect promotion into higher level in 3 years from start of their work (the pre-requisite is satisfying of all work requirements). But it is expected that new Reform of employee promotion will enable institutions to speed up career promotions.

[61] http://portal.mpsv.cz/
[62] *Same source*

National experts working in the EU institutions

Employees of public administration have the possibility to be temporarily assigned *conded*)[63] to work in European Commission or in its expert agencies as so called national perts.

The purpose of „secondments" is to support exchange of experience and skills between blic administrations of member countries of the EU, European Comission or enriching of ; know-how by expertise from member countries' experts. Seconded worker stays full ıployee of the office where he worked, but during the time of secondment (lasting usually 5 to 3 years))[64] he works in the European Comission or in some of EC agencies. Employer ys wage for seconded officer and also social and health insurance and because there are gher living costs in Bruxelles, the officer gets a benefit from the EU – that benefit differs ısed on the institution, but it is usually more than 100 €[65] and his costs of moving to ruxelles are covered too.

Secondment is usually initiated by general directorate of European Comission that shows terest for particular expert or for given expertise.

U institutions organise 5-month paid training in two terms every year: from March to ıe end of July and from October to February.

European Comission accepts about 630 trainees every year[66], lower number is offered by uropean Parliament, Economical and Social Committee and Committee for Regions. 'rainees are placed to expert bodies of EC (or other institutions) and they get possibility to earn about functioning of EC in practice, about policy of the EU etc. Part of the training is lso series of lectures and seminars where trainees can remember or enrich their theoretical nowledge.

Training is not the direct way to get permanent job in the EU institutions, but they are 'ery good preparation for the selection process in standard admit procedure. Applicants for he training must have their university degree and to know not only their own language, but

[3] www.evropska-unie.cz
[4] *Same source*
[5] *Same source*
[6] *Same source*

also working knowledge of some of the other EU languages (advantage is knowledge of English or French) and they must be younger than 31 years when they apply for the training.

Every year about 6 - 7 thousand people apply for the training, so probability of accepting is 1:10[67].

12. European Ombudsman

12.1 Work of European Ombudsman

European Ombudsman investigates cases of bad service in institutions and authorities of European Community such as European Commission, Council of European Union and European Parliament and informs about them. Only Law Court and Court of First Instance do not belong into jurisdiction of Ombudsman. Ombudsman usually conducts investigation based on some complaint or he can start with investigation by his own initiative.

Any citizen of the EU or any individual or legal entity that has residence or registered seat in member state of the EU can send complaint to the Ombudsman by post, fax or e-mail.

12.2 Authority of European Ombudsman

Ombudsman has extensive investigation authority. Institutions and bodies of the Community have to supply information for the Ombudsman he requires and to submit appropriate documents to him.
Member states also have to give him information that can help in enlighten cases of bad administration of institutions and bodies of the Community.

Expected results

If the case is not satisfactory figured out during the investigation, Ombudsman can try to find some expiatory soulution that will adjust the problems in administration and will satisfy the complainer. If there is no success in concilation, Ombudsman can suggest different way to solve the case. If institution does not accept his suggestion, Ombudsman can deliver a special report about the case to the European Parliament.

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[67] *www.evropska-unie.cz*

s of acceptable complains

any complaints delivered to European Ombudsman refer to administrative delays, quate transparency or refusal of the access to information. Some of them refer to ing relations between institutions and their representatives, accepting employees and ss of selection processes. Other ones refer to contracting relations between institutions rivate companies, f. e. in case of sudden terminating of the agreemnet.

stitution of European Ombudsman was established by the Agreement about the pean Unoin in 1992 1992[68]. European Parliament elected first European protector of the s Jacoba Södermana[69] in 1995, former Ombudsman and minister of justice in Finland. January 2003 there was elected next European Ombudsman **Nikiforos MANDOUROS**[70] (ge came to his function on 1st April 2003).

www.evropska-unie.cz
Same source
Same source

13. Structural Funds

13.1 What are structural funds?

One of the basic policies of the European Union is to strengthen economical and social consistency that should lead to balanced development of European regions and to removing differences at the level of these regions. This policy is executed through Structural Funds, Cohesive Fund, resources of European Investment Bank and other financial tools.

Structural funds[71] consist of the four funds, each of them with its specific role and it is possible to use them on given area.

European Fund of Regional Development contributes to development and structural equalization of backward regions to economical and social conversion of the area with structural problems.

- ***Supporting section of European Agricultural Suppor and Guaranty Fund***
  is intended to support the competitivity of agriculture as a key activity of the country regions. It ensures diversification activities in the country and supports settlements there.
- ***Financial tool to support fisheries***
  supports reaching of balance between natural resources for fishing and their usage. It helps to retain competitive fisheries and it revitalizes regions dependent on fishing.
- ***European Social Fund (ESF)***
  is intended to support implementation of the European strategy of employment through investments into human resources, their education, support of competitivity, employment, business and equalizing possibilities to access to the labour market.

I will concentrate on European Social fund in my work.

[71] *Guide to projects of European Social Fund – ESF*

13.2 European Social Fund

European Social Fund (ESF) is one of the four structural funds. It is key financial tool for executing of European Strategy of Employment. Amount of financial resources from ESF for the Czech Republic for programme term 2004-2006 is 456,98 mil.Eur[72].

Function of the Europena Social Fund

Main function of ESF is to develop employment, decreasing of unemployment, support of social incorporation of the people and equal opportunities aimed at labour market development and development of human resources.

Managing authority and other partners

Authority responsible for managing support from ESF is Ministry of Labour and Social Matters in the Czech Republic. Another partners are Ministry of Education, Ministry for Local Development, Ministry of environment, Ministry of Industry and Trade, CzechInvest, Foundation for Development of the Society, Town-Council of the capital city Prague, Employment agencies, Bodies of local administration and regional autonomy[73].

European Social Fund supports:

- Help to unemployed people for entering labour market
- Equal opportunities for everyone to access labour market
- Social incorporation, help to people from handicapped social groups when entering labour market
- Life-long learning
- Development of qualified and adaptive working force
- Implementation of modern ways of work and business organizing
- Better access and participation of women on the labour market
- Fighting all forms of discrimination and inequalities connected to labour market

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[72] *Guide to projects of European Social Fund – ESF*
[73] Same source

13.3 How to use European Social Fund?

Who can apply for financial support from ESF

- All organizations established as consistent with the justice of the Czech Republic and individuals who can introduce quality projects

Progress after programmes are announced

- Call for submitting of projects is announced by Ministry of Industry and Social Matters in media and on internet web-pages
- It is possible to present a request in electronical or paper form

Choosing of projects

- The main criteria when considering quality of projects is their comport with priorities and measures of particular programmes.
- Projects must respect principles of equal possibilities support, principles of tenable development, information society and local and regional initiatives

13.4 Basic programmes of European Social Fund

Programmes that make drawing of financial resources from ESF possible in the branch of human resources for the years 2004-2006 are in the Czech Republic and Prague[74]:

- Operational programme Human Resources Development (OP RLZ)
- Integral programme document Aim 3 for Prague (JPD3)
- Programme of Initiative of the Community (EQUAL)

Joint Regional Operational Programme (SROP).

[74] *Guide to projects of European Social Fund – ESF*

Table No.6: Total level of financial help from ESF

	Grants of EU in mil. EUR
ESF total	**457**
OP RLZ	318,82
JPD3	58,8
IS EQUAL	32,1
SROP	47,28

Source: www.euroskop.cz

Financing is supported by 25-50%[75] from the national budget of the Czech Republic depending on individual measures.

[75] www.euroskop.cz

Conclusion

Problems of unemployment in the Czech Republic and European Union are nearly the same, their solution is based in different legislation and political will to solve such problems.

The best law will not be able to fully remove some negative effects from the society but it is possible to reduce them or to reduce their negative influence.

Law about employment became target of many attacks mainly from business subjects. There was total misunderstanding especially of § 13 Law No. 435/2004 Sb., about employment. There were beliefs that it is all new law with negative influence to business environment.

Implementation of law about employment was not easy for Employment Agencies at the beginning. There were many changes in the Law about employment and these changes were influencing also knowledge of employees from particular branches and departments.

We can tell in the end that new Law about employment brought some positive features. It is especially adjustment of legal relations in the field of employment by one integrated law. Even introduction of new forms of active policy of emplomynet, making rules for mediating jobs stricter, making rules for getting unemployment allowances stricter – all that meant a step forward in the field of employment. And there is also very important moment in integration of safety for children during artistic, cultural, sport and advertisement activities, which has been missing in the Czech Law. New institute in the field of employment became also Agencies for employment.

Indispensable is also individual approach of Employment Agency to individual candidates. Besides individual psychological advisory service and balance diagnostics /see chap. 5.2/, Employment Agencies offer also special motivation programmes designed to so called risky groups of candidates in Job Clubs. Clients learn there how to effectively use and search for information sources for free jobs, how to prepare their Curriculum Vitae, how to orientate themselves on the labour market, how to prepare themselves for entry interview and how to learn basics of right self-presentation.

New law about employment is consistent with law of European Community and with Constitutional order. It is expected to reach maximal employment and to ensure protection against unemployment.

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http://portal.mpsv.cz/

www.noviny-mpsv.cz

www.ceses.cuni.cz

www.ceskenoviny.cz

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