

# **Discrimination in the labour market and critical analysis of the functioning of tools used to alleviate discrimination**

**Analytical study**

PhDr. Marcela Palíšková, Ph.D., University of Economics,  
Prague

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## 1. Introduction to the issue

This study deals with the issue of discrimination in the labour market in the Czech Republic. Although the principle of equal opportunities and non-discrimination is part of our law, practice shows that there are disadvantaged groups in the labour market. Specialised literature uses the term **labour market segmentation** to denote this phenomenon. These are mainly women, especially women returning to the labour market after maternity or parental leave, the elderly (over 55) and graduates. However, discrimination can also occur, for example, because of nationality, ethnicity, etc.

Gender and age discrimination is most frequently encountered in the labour market. This study therefore focuses on these issues, with an emphasis on the gender perspective. The aim of the study is to describe the current situation in the area of discrimination in the Czech labour market and to critically evaluate the existing legislative and other measures taken to alleviate this problem. A number of methods have been used to achieve this goal: secondary data analysis (especially Eurostat, CZSO, LO), time series analysis, critical analysis of related legislation, comparative analysis, deduction, induction and synthesis.

Finally, shortcomings are identified and appropriate recommendations are proposed, both for government entities and for trade unions and businesses.

### 1.1 Explanation of basic terms

**Discrimination** (from the Latin *discriminare*, i.e., distinguished between) - it was originally perceived in a positive sense as a necessity to distinguish between good and evil. At present, it is perceived particularly negatively as a distinction that is contrary to the principle of equal treatment. Discrimination can be defined from a number of perspectives (e.g., social, psychological, legal). According to a specific criterion, we distinguish discrimination based on gender, age, race, religion, political opinion, etc. In terms of the issues examined, discrimination can be divided into two basic groups:

- *post-market discrimination* - includes discrimination in the labour market (e.g., wage, employment, professional);
- *pre-market discrimination* - discrimination in access to education (i.e., to achieve a higher level of human capital, which has a decisive impact on labour productivity, higher earnings, higher social status, etc.; it therefore significantly affects employment in the labour market).

**Wage discrimination** - arises when an employer pays a woman a lower wage than a man, with the same labour productivity.

**Employment discrimination** - occurs when an employer prefers men to women in the process of selecting employees, with otherwise the same conditions (education, experience, age, etc.). Employment discrimination results in higher female unemployment rates and lower female employment rates.

**Professional discrimination** - refers to a situation where women have difficulty accessing certain professions, even though they have the knowledge and skills to pursue these professions at the same level with men. As a result, they are pushed into other professions that are considered 'typically female professions'. Professional discrimination can lead to labour market segmentation (creating segments/groups with a disadvantageous position in the labour market).

**Gender** - refers to the cultural characteristics and models assigned to the male or female biological gender and refers to the social differences between men and women. The roles of men and women vary in the different stages of the historical development of society and differ considerably according to the culture of individual nations. They are therefore not a natural, biologically determined difference between men and women, but a certain degree of development in social relations. Therefore, the term 'social gender' is sometimes used.

**Direct gender discrimination** - i.e., direct discrimination based on gender. It refers to a behaviour where a person is treated less favourably than he or she would be treated in a comparable situation to a person of the opposite sex (discrimination on grounds of pregnancy or maternity or because of sexual identification).

**Indirect gender discrimination** - i.e., indirect discrimination based on gender. It refers to behaviour where apparently neutral provisions, criteria or practices result in a disadvantage of a person of one sex.

**Gender budgeting** - budget assessment based on gender. Gender equality is taken into account at all levels of the budgetary process. It is a principle of compiling public budgets and redistributing funds. It includes the so-called gender analysis of assessing the impact of a budget on women and men; the aim is to ensure approximate gender equality of budget expenditure and revenue.

**Gender mainstreaming** - a method to eliminate gender inequality. In all conceptual, decision-making and evaluation processes, gender analysis is used as one of the key aspects at all stages of preparation and implementation, i.e., the assessment of the positive/negative impact of decisions on men and women.

**Gender stereotype** - simplifying and often deep-rooted beliefs about the role of women and men in society, at work and in the family. For example: men are competitive and aggressive, women are sensitive and docile. The generalization of male and female characteristics often leads to discrimination against individuals who deviate from a given stereotype.

**Equal opportunities for women and men** - a requirement for equal starting conditions for the participation of women and men in economic, political and social life. A prerequisite is the removal of both visible and invisible barriers (e.g., ensuring equal opportunities in the labour market, creating conditions for work-life balance, promoting women's participation in decision-making processes, eliminating gender stereotypes, etc.).

**Work-life balance** - harmonization of work and family life. Creation of a structure and organization of a working environment that allows the work and family responsibilities of women and men to be harmonized.

Other related terms are explained directly in the text.

## 1.2 Basic theoretical framework

It was only around the mid-1950s that economists began to research and study those areas of society that were previously considered 'uneconomic'.

*Gary Stanley Becker* (1930-2014) in particular is an important representative of this approach in economics. In his work he focused on the study of human behaviour, on the issues of gender discrimination, racial discrimination, crime, human capital, etc. It is based on the assumption that man decides in all areas of life (not only in the market exchange) in the same way, according to the same principles. Man primarily behaves as *homo oeconomicus* (economic man), but is a much more complex being, and therefore his rational behaviour is affected by a number of factors (economics works with the concept of *limitations of rationality*), such as imperfect memory, misjudgement of the future, etc.

Becker's *The Economic Approach to Human Behavior* (1976) is considered a key contribution to the development of economic theory. It shows that **an economic approach to human exploration can be applied to all types of human behaviour**. This means that an individual's behaviour must always be judged by their efforts to *maximize their own benefit*, based on *their preferences*. Thus, in all life situations, the individual behaves according to the *principles of economic rationality* (when they start a family, when they get divorced, decides to accept employment, when they are educated, when they discriminate against someone, etc.). Even perpetrators behave according to the principles of economic rationality. Crime rate is increasing when individuals who are prone to illegal activities cannot get a job, when young people leave school with insufficient knowledge and skills, or when potential offenders believe that the punishment will not be too high.

According to Becker, each individual's costs and revenues are not only monetary but also non-monetary. *Non-monetary costs* are primarily time costs. *Non-monetary income* can take the form of social status, achievements at work, happy family life, etc. Becker, along with George J. Stigler, was the creator of *the economics of time*. The point is that time is a rare factor. Time costs are the so-called *opportunity cost*, i.e., the value of what a person sacrifices when spending time on a particular activity (e.g., will I dedicate a Sunday afternoon to study and sacrifice time spent in nature with my family?). The economics of time has made it possible to explain a number of problems faced by contemporary society (e.g., the problem of fast pace of life in cities) (Holman, 2005, p. 441).

Gary S. Becker is known primarily as the creator of **human capital theory**. He published the fundamentals of this theory in his book *Human Capital* in 1964. He first argued that the **money spent on the education and health of an individual is an investment** that yields future benefits such as higher wages, better social status, etc. He developed a model for measuring education and explained that wage differences are the result of differences in education.

Economics gradually began to penetrate into areas that were formerly the domain of sociology, psychology, demography, criminology or ethics. Economics has therefore begun to be referred to as imperial (ruling) science. It was Gary S. Becker who was responsible for this. He received the Nobel Prize in Economics in 1992.

### 1.2.1 Becker's theory of discrimination

Gary S. Becker dealt with discrimination in his first extensive work, *The Economics of Discrimination*, which was published in 1957. It should be noted that until then, the economics had not dealt with the issues of discrimination in the labour market at all.

Becker defines discrimination as a situation in which **two individuals of different sex or race have the same labour productivity but are paid differently**. If they differ in productivity, there is no discrimination; different wages (salaries) reflect their different productivity. In his theory, he proves that **discrimination in competitive labour markets would be irrational from the point of view of employers**.

#### Example

Imagine that in some labour market there would be racially biased employers who would rather employ white workers than equally productive black workers. This difference in demand for white and black workers would create a wage difference in such market: white workers would receive higher wages than equally productive black workers. But if this labour market was competitive, other employers who were not racially biased could benefit from it: by employing black workers rather than white, they would save on wages without suffering product loss. However, this would increase demand for black workers to the detriment of white workers, wages for black workers would rise and wages for white workers would decrease. Only when their wages were equal no employer would be able to benefit from hiring a black worker instead of a white worker.

Even if, by chance, all employers in this labour market were racially biased - if the market was competitive, new companies could enter it and capitalize on the employment of black workers. Who would not want to profit from it.

Taken from Holman (2005, p. 443).

Becker's analysis of discrimination leads to the following conclusions: either racially biased employers behave *irrationally* (they lose out compared to racially unbiased employers and will sooner or later be forced out of the market) or *labour markets are not fully competitive*. Lack of competition in labour markets may be caused by a number of factors (e.g., due to minimum wages, the use of wage scales, the existence of a monopsony,<sup>1</sup> the effect of collective agreements).

In his theory, Becker **distinguishes discrimination according to the subject that discriminates**. Employers, employees, co-workers, consumers and governments may be the carriers of discrimination.

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<sup>1</sup> Monopsony is one of the forms of imperfect competition, the monopoly on the labour demand side (i.e., on the business side). It arises when there is a single dominant business (organization) in a region or in a profession which creates jobs. Monopsony can thus significantly influence the level of wages.

He understands discrimination as a **preference of a discriminatory subject for which the subject is willing to pay**. He uses an analogy with the theory of international trade to explain. Involvement in international trade on the basis of comparative advantages increases the country's overall product. However, free trade is limited by customs, tariffs, etc. Countries therefore prefer domestic production over import at the price of a lower product. They are willing to sacrifice economic efficiency in favour of their interest in producing certain goods at home. By analogy, it can be concluded that if there is a preference for discrimination in a company, the company is willing to pay for that preference (asserting its interest) with a smaller product and thus with a lower profit.

Becker applied his theory to various cases of discrimination. For example, discrimination by co-workers (when male workers prefer to work with men over women), by consumers (if they prefer products made by men over women) or by employers (if businesses prefer to employ men over equally productive women).

#### *Discrimination by employers*

According to Becker, employers' preferences for men are based on a certain bias (partiality, prejudice) against women. An employer without discriminatory preferences (without bias against women) will consider men and women with the same productivity as perfect substitutes and will pay them the same wage. However, if the employer is biased against women, their employment is associated with certain subjective or psychological costs. Becker expressed the size of these costs by means of the so-called *discrimination coefficient  $d$* .

In the event that **an employer does not have discriminatory preferences** (not biased against women), it pays the same wage rate to both men and women:

$$w = w_m = w_f,$$

where  $w$  is the wage amount,

$w_m$  - male wages,

$w_f$  - female wages.

If **an employer has discriminatory preferences** (biased against women), the cost of employing women will be higher by the discrimination coefficient  $w_f + d$ . It will be able to employ women only if the total employee costs will be the same, i.e.,  $w = w_f +$



d. In other words, if the wage rate of women is lower than the wage rate of men precisely by the size of the discrimination coefficient:

$$w_f = w - d$$

### Example

An employer with discriminatory preferences pays an average wage at an hourly rate of CZK 100/hour to their male employees, but only CZK 80/hour to women with the same productivity. The difference of CZK 20 outweighs the psychological costs of a biased employer in employing women. However, if men were employed in the labour market for 100 CZK/hour and women got only 75 CZK/hour, then the employer would start employing women. Otherwise, if the average wage of women in the labour market was CZK 85/hour, the employer would decide to employ only men.

Gary S. Becker's theory suggests that **discrimination in the labour market protects men from the competition of equally productive women**. Employers who discriminate have higher labour costs (higher wage costs) than non-discriminatory employers. Thus, they make lower profits and their competitiveness decreases. Becker concludes that **competition in the market suppresses discrimination** - only those companies that are able to produce at the lowest cost will remain in the competitive market in the long term.

Critics of Gary S. Becker's theory of discrimination point out that the functioning of markets does not eliminate discrimination fast enough and that discrimination against women at the expense of men in the labour market is still a significant phenomenon.

### 1.2.2 Theory of statistical discrimination

The issues of discrimination were again at the forefront of the interests of economists in the 1970s. A significant shift in the theory of discrimination was the model of the so-called statistical discrimination developed by *Kenneth J. Arrow* (1921–2017) and *Edmund S. Phelps* (\*1933), later the winners of Nobel Prize in Economic Sciences. Their theory is based on the assumption of imperfect information in the recruitment process.

*Statistical discrimination* occurs when **an individual is assessed primarily on the basis of the average characteristics of the group to which he or she is assigned, and not primarily on the basis of his or her knowledge and personality characteristics**.

When hiring a new employee, a company has at its disposal basic information about the applicant, his or her education, experience, career history, etc. (resulting from a CV

or motivation letter and references of the previous employer). But it does not know what the employee's productivity is from this information (is he/she lazy, slow, will he/she do only what he/she is ordered, is he/she independent and fast, willing to work beyond his/her duties? etc.); getting detailed information about each employee is very time-consuming and expensive. Therefore, the employer decides mainly on the basis of general experience and average statistics on the behaviour of groups.

### Example

When making decisions in the recruitment process, decisions are often made on the basis of the following general behavioural patterns:

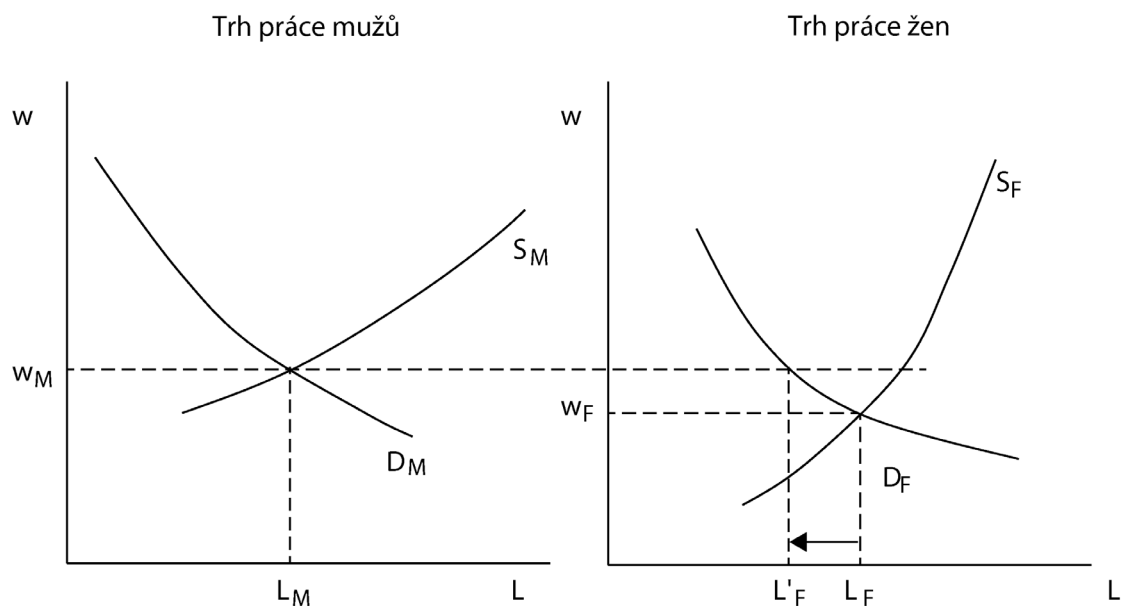
- A young woman will soon want to interrupt her career and start a family.
- A woman who has children is absent from work more often than a man.

In practice, this means that every young woman is seen as an 'average' young woman. Female job seekers that differ from the average group - for example, young women who cannot have children for health reasons or want to prioritize their career over a family - may be disadvantaged by the company's decision. Because if the selection procedure is to be made between a man and a woman under otherwise equal conditions (education, experience, age, etc.), a man will be chosen.

The labour market for men and the labour market for women differ mainly on the basis of different expectations of companies regarding the productivity of men and women (they expect a higher marginal product from men).

Figure 1.1 shows the differences in the functioning of the male and female labour markets. Both markets differ in both labour demand and labour supply. **Companies expect a higher marginal product from men and therefore the demand for men's labour is higher** than the demand for women's labour. The figure shows that the demand for men's labour is to the far right of the coordinates and defines a larger market than that of women. At the same time, **men's labour supply is more elastic** than women's labour supply (the concept of elasticity of labour supply explained in more detail below). This fact is reflected in **higher average equilibrium wage in the men's labour market** ( $w_M > w_F$ ).

Figure 1.1 Men's labour market and women's labour market



Source: Brožová (2018, p. 191).

*Notes:  $w$  - wage;  $w_M$  - men's wage;  $w_F$  - women's wage;  $L$  - labour;  $S_M$  - men's labour supply;  $D_M$  - men's labour demand;  $S_F$  - women's labour supply;  $D_F$  - women's labour demand.*

If companies generally had to pay women the same wage as men in the same position, the employment of women would be associated with higher costs for them. Businesses employing women would thus achieve lower profits and would be disadvantaged in competition with companies that would prefer men. With equal pay for both men and women, businesses would further reduce women's employment and favour men's employment even more (women's employment would be reduced from  $L_F$  to  $L'_F$  at  $w_M$  wage).

From this model it can be concluded that a **general regulation on equal pay for men and women would further worsen the position of women in the labour market.**

Unlike Becker's theory with discriminatory preferences, which shows that discrimination damages employers (employer has higher labour costs), the theory of statistical discrimination shows that employers gain with discrimination. The employer is not biased against women in its decision-making and makes rational decisions by minimizing the cost of employing new workers.

Statistical discrimination is based on the natural role of women in society (family and household care), which certainly deserves respect. This implies a general assumption on the part of the company about the long-term lower contribution of women as

employees. Labour markets are confronted with this social issue under economic efficiency and competition laws. However, **this does not mean that a woman who does not respond to this general assumption and who prefers work over family life** (for whatever reason), **should receive a lower wage**. If her work performance is at the level of the expected performance of a man, the **employer has no obstacles to providing her with an adequate wage** (at the wage level of a man with the same productivity). Company practice also shows that women need to prove their performance more than men. If women feel legitimately discriminated against by lower wages in a company, they can make a claim by legal means.

Discrimination in the labour markets persists and the view of a woman and her role in society is changing very slowly (although society as a whole has undergone rapid transformation since the 1990s). Until the experience of companies in employing women has changed enough to change their expectations regarding women's productivity, statistical discrimination in the labour market will still be real.

### 1.2.3 Alternative economic theories of discrimination

In addition to the aforementioned theories of discrimination, a number of other economic theories can be encountered that explain the presence of discrimination in the labour markets in a different way (for more details on economic theories of discrimination, see Brožová, 2018).

#### *Wage discrimination of monopsony*

Monopsony (a dominant employer in a region) generally applies wage discrimination based on the *elasticity of labour supply*. Higher wages are paid to employees with higher elasticity of labour supply and lower wages to applicants with lower elasticity of labour supply. These are mainly young women whose labour supply is less elastic than that of men. A woman usually follows a man for his job and then selects from the limited opportunities in that location. She looks for a job near the school her children attend. When she finds such a job, she tries to keep it (even though she has a lower wage) because she has very limited alternative options. Women therefore respond much less to wage changes than men. Men leave work more often because they have more alternative opportunities to choose from.

The *wage discrimination of monopsony* is not based on the bias of companies against women, but is the **result of a rational pricing strategy** that allows the company to

achieve higher profits. If the company does not discriminate but the competition does, it will have higher costs and will be pushed out of the market. Discrimination is beneficial for monopsony, so there is no reason to eliminate it.

Critics of this theory point out above all that it only explains the behaviour of married women with children. However, advocates of this approach argue that women are less mobile geographically and professionally and more often choose to work near their homes.

### *Crowding model*

The crowding model of discrimination seeks to explain the **different access of men and women to certain professions**. But they can also explain the limited access of women to top posts.

The very different division of professions between men and women has its reasons. It is the result of **traditions** and the persistent beliefs in the society that some professions are more suitable for men and others for women. Companies then fill vacancies in accordance with the prevailing opinions in the society.

Another explanation is based on the assumption that employee productivity is also the result of the entire team's work effort. **Relationships between co-workers** are crucial. If these relationships do not work, employees are not satisfied and work productivity decreases. Some male employees do not like to receive orders from women or even do not like to work with them. In order to achieve optimum work performance, employers fill certain vacancies with women, others only with men (therefore, also at the level of senior management, men usually prevail in companies). These facts lead to the fact that some professions gradually become typically male and others typically female. Women then have more difficult access to the 'male profession'. Professional discrimination can be eliminated either gradually, by changing social conventions, or through legislation.

### **1.2.4 Non-discriminatory factors in gender pay gap**

In addition to the factors of economic discrimination, the pay gap between men and women is caused by a number of other factors which cannot be described as discriminatory and are generally the result of women's free choice.

Women and men have **different inherent prerequisites to practice certain professions**. Men are more proficient in engineering, technology, have greater physical strength, have better inborn space orientation, etc. Women, with their disposition, are inclined to activities related to caring for others, with upbringing and education, are more empathetic, careful, etc. These innate dispositions to some extent determine their employment on the labour market.

There are **differences in the human capital** between men and women. In this case, it is not only the level of human capital (i.e., the level of education attained), nowadays there are more women with higher education in the Czech Republic than men. These are mainly other components of human capital, i.e., skills, abilities, personality characteristics. All components together influence the marginal product value of each individual.

The difference between men and women is evident when **choosing a field of study**. Men usually choose fields of technology, IT, mathematics, finance, etc., while women naturally tend to study humanities or languages. **Wage differences are also diversified by sectors where wage rates are the result of supply and demand in a particular professional labour market**. Fields focused on new technologies, IT, ICT security, mathematics, etc. are connected with the advent of Industry 4.0, and these are highly expanding fields. Demand for graduates of these fields of study is enormously high and often exceeds supply. This fact is reflected in the rapid growth of their wages. Similarly, there is a high demand for blue collar professions. Jobs in finance and banking are also well paid. Men clearly prevail in all these professions. On the contrary, women are much more likely to work in the non-profit sector, healthcare, education and services. That is, in sectors of the economics where wages are lower. Although women are increasingly penetrating the ‘typically male profession’, these differences persist. For more information on the so-called horizontal segregation of women, see Chapter 2.2.1.

A number of studies and researches (e.g., Bertrand, 2011; Dohmen et al. 2011) also show that **women are more risk-averse than men**. People with risk aversion generally prefer jobs with stable wages. Women are also more likely to look for professions that are in a pleasant and less competitive environment, less time consuming, often near homes or their children’s schools. Men often work more hours, in a risky and difficult work environment, often commute to work over longer distances, etc. They are also more likely to choose professions that are more competitive because they are more

confident than women. The unpleasant and risky environment is then compensated in the form of various wage bonuses (claim and non-claim components of wages).

Certain **regulatory measures**, such as licences restricting access to certain professions (the so-called regulated professions), may also have some impact on the gender pay gap.<sup>2</sup> Typical examples include the profession of a lawyer or an auditor - higher education in a given field is not sufficient for their performance, it is necessary to pass further demanding professional examinations. Obtaining a licence is then positively reflected in the wage amount.

**Collective bargaining** on wages also affects the gender pay gap. Trade unions usually have a stronger bargaining position than an individual and are able to negotiate higher wages than an employee negotiating with an employer. However, strong trade unions usually operate in large enterprises in industries where most of the employees are men (e.g., automotive, steel, and mining industries, etc.).

Most women, during their productive lives, have been devoted exclusively to **family and motherhood** for some time. The role in raising children is dominant for a woman in a certain period and later influences her decisions in the labour market - usually changes her preferences. With regard to family and children, she makes decisions, for example, on the number of hours worked, further education, etc. As a rule, she chooses a job close to her place of residence, less demanding in terms of performance, with less responsibility and therefore less rewarded.

The existence of these and other factors causes income inequality between men and women. It shows that **the existence of gender pay gaps may not always be the result of discrimination**.

## Summary

As can be seen from these theories, the concept of *discrimination* expresses a certain way of behaviour of economic entities, which thus exploit the opportunities offered by the market to achieve their objectives (increasing competitiveness, achieving higher profits, etc.).

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<sup>2</sup> A regulated profession (or activity) is a profession (or activity) for the exercise of which the requirements that an individual must fulfill in order to pursue that profession (activity) are prescribed by law. For example, qualification requirements, clean record, medical fitness, etc.

*Wage discrimination* arises in a situation where women who have the same level of human capital (same education, experience, skills, abilities), i.e., the same labour productivity as men, are remunerated for their work by lower wages. In the wider context of economic discrimination, women have worse conditions in the labour market than men (e.g., different access to professions, fewer promotion opportunities).

Cases where women and men differ in their labour productivity cannot be considered discrimination. The different wage levels then reflect their different marginal product. Put simply, if they do not do the same amount of work of the same quality within a certain (sufficiently long) time horizon.

The issue of discrimination in the labour market is an issue that has many dimensions - not just the economic one. There are a number of non-discriminatory factors that cause gender differences in the labour market. This is a highly complex issue.

### 1.3 Legal framework of prohibition of discrimination in labour markets

The prohibition of discrimination in labour markets and the principle of equal treatment and equal opportunities are enshrined in both European Union law and national law.

#### 1.3.1 Prohibition of discrimination in European Union law

European Union law (*acquis communautaire*) is an independent legal system which takes precedence over the national law of individual member states. Legislation on the prohibition of discrimination in labour markets is contained in both the primary and secondary law of the European Union and is also reflected in the decisions (case law) of the European Court of Justice.

#### *EC Treaty*

The **principle of equal pay of men and women for equal work** (Article 119) is protected by one of the founding treaties<sup>3</sup> of the European Community (EC), *in the*

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<sup>3</sup> These three Treaties are referred to as the *EC founding treaties*: the Treaty establishing the European Coal and Steel Community (ECSC Treaty) - 1951, the Treaty establishing the European Economic Community (EEC Treaty - the most important of the founding treaties as the cooperation of Member States expanded to all areas of economy; later referred to as the Treaty establishing the European Community, EC Treaty) - 1957 and the Euratom Treaty - 1957. The founding treaties are part of *EU primary law*, as well as documents that revise (update, amend) these treaties. The founding treaties have been revised a total of five times since the 1950s, on the basis of the Single European Act (1986), the Treaty on European Union (also the Maastricht Treaty, 1993), the Amsterdam Treaty (1997), the Treaty of Nice (2000) and most recently the Treaty of Lisbon in 2009. The *Treaty on the Functioning of the European Union* (TFEU) has been used for the EEC Treaty as amended by the Treaty of Lisbon. *Secondary law* consists of legislation (regulations, directives, recommendations) which are approved by



*Treaty establishing the European Economic Community* (EEC Treaty, later also the EC Treaty), which was signed in Rome in 1957 (also the Treaty of Rome) :

*'Each Member State shall ensure that the principle of equal pay for male and female workers for equal work or work of equal value is applied. For the purpose of this article, 'pay' means the ordinary basic or minimum wage or salary and any other consideration, whether in cash or in kind, which the worker receives directly or indirectly, in respect of his employment, from his employer.*

*Equal pay without discrimination based on sex means:*

- a) that pay for the same work at piece rates shall be calculated on the basis of the same unit of measurement;*
- b) that pay for work at time rates shall be the same for the same job.'*

### ***Treaty of Amsterdam***

The *Treaty of Amsterdam* (1997), one of the revisions of the founding treaties, created not only a legal framework for coordinated social policy action by Member States, but also meant a qualitative shift in employment policy. Under the Treaty of Amsterdam, the **principle of equal treatment** was incorporated into the EC Treaty:

*The Community shall have as its task ... to promote ... a high level of employment and of social protection, equality between men and women, ... and economic and social cohesion...* (Article 2)

*'In all its activities, the Community shall aim to eliminate inequalities, and to promote equality, between men and women.'* (Article 3)

### ***Treaty on the Functioning of the European Union***

The current wording of the constituting treaty, i.e., the *Treaty on the Functioning of the European Union*, does not limit the concept of discrimination to a gender perspective, but **understands discrimination in a broad sense**:

*'In defining and implementing its policies and activities, the Union shall aim to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.'* (Article 10)

The Treaty contains **a prohibition of any discrimination based on nationality** and fully equates workers from other EU member states with domestic workers (the so-called principle of national treatment):

*'Such freedom of movement shall entail the abolition of any discrimination based on nationality between workers of the Member States as regards employment, remuneration and other conditions of work and employment.'* (Article 45)

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the EU Council (together with the European Parliament). For more information on this issue, see Tichý, Arnold, Zemánek, Král and Dumbrovský (2011).

### ***Directive on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation***

The legislation of secondary law contains more detailed regulation of discrimination. Directives are used to harmonize national law with European Union law. In the context of this issue, it is necessary to mention *Directive 2006/54/EC of the European Parliament and of the Council on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation*.

The objective of this Directive is to ensure the **implementation of the principle of equal opportunities and equal treatment of men and women** in relation to:

- access to employment, including promotion, and to vocational training;
- working conditions, including pay;
- social security schemes.

Article 4 of the Directive **prohibits direct and indirect discrimination in remuneration:**

*‘For the same work or for work to which equal value is attributed, direct and indirect discrimination on grounds of sex with regard to all aspects and conditions of remuneration shall be eliminated.’*

Article 21 of the Directive emphasizes the **role of social dialogue as a suitable tool for strengthening the principle of equal treatment:**

*‘Member States shall, in accordance with national traditions and practice, take adequate measures to promote social dialogue between the social partners with a view to fostering equal treatment, including, for example, through the monitoring of practices in the workplace, in access to employment, vocational training and promotion, as well as through the monitoring of collective agreements, codes of conduct, research or exchange of experience and good practice.’*

The case-law of the European Court of Justice, i.e., important precedent decisions which unify the interpretation of EU law, also plays an irreplaceable role in the application of European Union law.

### **1.3.2 Prohibition of discrimination in national law of the Czech Republic**

The prohibition of discrimination and the principle of equal opportunities are also enshrined in the Czech national law.

## ***Constitution of the Czech Republic and Charter of Fundamental Rights and Freedoms***

The basic legal framework is the *Constitution of the Czech Republic* and the *Charter of Fundamental Rights and Freedoms*, which is an integral part of the constitutional order of the Czech Republic. The Charter declares fundamental human rights and freedoms as ‘inalienable, non-prescriptible, and not subject to repeal’ (Article 1).

*‘Fundamental human rights and freedoms are guaranteed to everybody irrespective of sex, race, colour of skin, language, faith, religion, political or other conviction, ethic or social origin, membership in a national or ethnic minority, property, birth, or other status.’* (Article 3)



The key area of application of the principle of non-discrimination, equal opportunities and equal treatment is the labour market and **labour legislation**.

## ***Employment Act***

*Act No 435/2004 Coll., on employment, as amended*, enshrines **equal treatment and non-discrimination in the exercise of the right to employment in Section 4**. The right to equal treatment means the right not to be discriminated against for reasons stipulated by law. Participants in legal relations (employers, Labour Offices, etc.) ‘shall ensure equal treatment of all natural persons exercising their right to employment’.

*‘Any form of discrimination of persons exercising their right to employment shall be prohibited. The right to employment cannot be denied to a citizen on the grounds of gender, ..., nationality, citizenship, social origin, ..., state of health, age, ..., marital status or duties to one’s family, ...; discrimination for reason of pregnancy or motherhood shall be deemed to constitute discrimination for reason of gender.’* (Section 4(2))

## ***Labour Code***

The main legislative measure - *Act No 262/2006 Coll., the Labour Code, as amended*, lays down the **prohibition of discrimination and equal treatment of employees as key principles of employment** (Section 1a).

*‘Employers shall ensure equal treatment for all employees as regards employee working conditions, remuneration for work and other emoluments in cash and in kind (of monetary value), vocational (professional) training and opportunities for career advancement (promotion).’* (Section 16(1))

*‘Any form of discrimination in labour relations is prohibited.’* (Section 16(2))

*'Different treatment arising from the nature of occupational activities where this different treatment is a substantial requirement necessary for work performance is not considered as discrimination; the purpose followed by this derogation must be legitimate...' (Section 16(3))*

The Labour Code also lays down **equality of pay** (Section 110):

*'(1) All employees employed by one employer are entitled to receive equal wage, salary or remuneration (pursuant to an agreement) for the same (equal) work or for work of the same value.*

*(2) The same (equal) work or work of the same value shall mean to be work of the same or comparable complexity, responsibility and strenuousness which is performed in the same or comparable working conditions and which is of equal or comparable work efficiency and brings equal or comparable work results.*

*(3) Complexity, responsibility and strenuousness of work (job) shall be evaluated with regard to vocational training (educational prerequisites) and practical experience, skills required for the performance of such work (job), and with regard to complexity of both the subject of work (job) and working activity, demands on organizational and managerial skills, the degree of liability for damage (harm), occupational health and safety, and further with regard to physical, sensory and mental strain and negative effects of such work.*

*(4) Working conditions shall be assessed with regard to tiresomeness of patterns of working time, arising from the distribution of working hours, e.g. into shifts, non-working days, night work and/or overtime, and with regard to harmfulness or arduousness caused by other negative effects of the working environment and with regard to risky aspects of the working environment.*

*(5) Performance of work shall be assessed with regard to intensity and quality of work done, work abilities and qualifications/skills, and results of work shall be assessed with regard to their quantity and quality.'*

### **Anti-discrimination Act**

Although the Labour Code contains the principle of equal treatment and equal pay, it does not specify how discrimination can be resisted. In line with this need and in line with the harmonization of European Union law, *Act No 198/2009 Coll., on equal treatment and on the legal means of protection against discrimination and on amendment to certain acts (Anti-discrimination Act)* came into effect ten years ago (September 2009). The adoption of the act was seen as very controversial and to this day opinions on it vary widely.

The act **defines the right to equal treatment and the prohibition of discrimination in a number of areas** and does not only concern labour relations. For example, discrimination is prohibited with respect to (Section 1):

- the right to employment and access to employment;
- access to an occupation, business or other self-employment;

- employment contract, service and other paid employment, including remuneration;
- membership of, and involvement in, trade unions, workers' councils or employers' associations;
- membership of, and involvement in, professional associations;
- provision of social benefits and social security;
- access to and provision of education, including training;
- access to healthcare;
- access to goods and services, including housing.

**Discrimination on grounds** of race, ethnic origin, nationality, sex, including pregnancy or maternity, sexual orientation, age, disability, religion, belief or world view **is prohibited** (Section 2).

The law **prohibits** not only **direct but also indirect discrimination** (when different treatment occurs as a result of a seemingly neutral measure or established practice, Section 3). It also affects harassment (including sexual harassment), but also persecution, instruction or just incitement to discriminate (Section 4). There are exhaustively listed situations which cannot be considered as prohibited discrimination (Sections 6 and 7).

Certain doubts and differing views on the Anti-discrimination Act arise particularly from the wording of Section 5(2):

*'Provision for equal treatment shall mean the adoption of measures that are a precondition for effective protection against discrimination and that can be required, taking into consideration good morals, and given the circumstances and personal situation of the party which is to provide for equal treatment; provision for equal opportunities shall also be considered as provision for equal treatment.'*

The provision for equal treatment and equal opportunities means the adoption of certain measures - positive action. 'Unlike material equality and, naturally, formal equality, equality of opportunities implies activity, typically on the part of government or public law... It actively seeks ways to eliminate the difference and give everyone the same starting chances...' (Bobek, Boučková, Kühn, 2007, p. 19). Positive measures, i.e., deliberate preferential treatment of a group over others, inherently violate the principle

of equal treatment and discriminate against those not covered by such measures (Bobek, Boučková, Kühn, 2007, p. 23).

The act also **provides legal means of protection against discrimination**. Persons who feel concerned about their rights may, with their help, demand that the discriminatory act be refrained from and, where appropriate, claim adequate financial compensation (Sections 10 and 11).

One of the most discussed issues in connection with the adoption of the Anti-discrimination Act was the issue of proving discrimination, i.e., which of the parties will be obliged to prove that discrimination actually occurred in the event of a lawsuit; in other words, who bears the **burden of proof**. In general, a complainant is the one who has shown that a defendant has committed discrimination against him and has provided the necessary evidence. The existing legislation clearly favoured the complainant claiming his rights on grounds of discrimination and provided for the defendant to prove that there was no discrimination. In practice, however, this legislation posed a number of problems, especially interpretative.

The Anti-discrimination Act uses the institute of *partial transfer of the burden of proof to the defendant*. This legislation is based on the ruling of the Constitutional Court and also reflects the case law of the European Court of Justice. It is the complainant's duty to prove (to provide appropriate evidence) that he has been treated in a disadvantaged manner. It is then for the defendant to prove that the principle of equal treatment has not been infringed. For example, in the case of a dispute relating to remuneration, the complainant shall state all the facts based on which he considers that he is discriminated against (compared to an employee in the same job). The employer shall then prove that the difference in income is the result of different work performances, the complexity of work tasks, different responsibilities, or different skills of employees (soft skills).

That legislation is based on *information asymmetry* - only the defendant can prove that the different and less advantageous treatment he has applied to the employee was legitimate and the means used were proportionate. In practice, it is for the defendant to explain with convincing arguments the non-discriminatory nature of his actions and decisions. The complainant cannot prove that the defendant (employer) did not have a justifiable reason for less favourable access to the employee because he did not have sufficient information to do so. The Constitutional Court confirmed in 2006 that this

burden of proof is in accordance with the generally applicable principle where each party proves its claims in civil proceedings. Although the position of complainants has actually improved by this legislation, it is still regarded as difficult in the legal environment (Bobek, Boučková and Kühn, 2007, p. 214).

#### 1.4 Prohibition of discrimination in economic development strategies

##### **Labour markets cannot be examined without a broader macroeconomic context.**

In this context, it is therefore appropriate to mention the *Europe 2020 Strategy*, the basic plan for strategic development of EU economy 2010-2020. It is a key instrument for coordinating the economic policies of the EU Member States in order to strengthen the overall competitiveness of the common market. The strategic development plans of each Member State are derived from this Strategy. In the case of the Czech Republic, it is the so-called *National Reform Programme of the Czech Republic*. Both documents contain the principle of non-discrimination and equal opportunities.

##### 1.4.1 Europe 2020 Strategy

One of the objectives of the implementation of the Europe 2020 Strategy is to create a high-employment economy characterized by economic, social and territorial cohesion. Attention is focused on **empowering women, the elderly and young people in the labour market**. It also emphasizes the need **to make the benefits of economic growth accessible to all and to provide opportunities for everyone at all stages of life**.

*'Inclusive growth means empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems so as to help people anticipate and manage change, and build a cohesive society. It is also essential that the benefits of economic growth spread to all parts of the Union, including its outermost regions, thus strengthening territorial cohesion. It is about ensuring access and opportunities for all throughout the lifecycle. Europe needs to make full use of its labour potential to face the challenges of an ageing population and rising global competition. Policies to promote gender equality will be needed to increase labour force participation thus adding to growth and social cohesion.'*

Great emphasis is placed on the field of lifelong and vocational education and **ensuring access to education for all citizens indiscriminately throughout their lives**, as acquiring new knowledge and skills is a prerequisite for better employment of the individual in the labour market. This increases his flexibility and ability to better respond to market changes. The level of education and skills that an individual possesses can also have a positive impact on their professional and career growth. Last but not least, they increase labour productivity and hence work evaluation.

As part of the Europe 2020 Strategy, *An Agenda for new skills and jobs* **invites Member States to promote new forms of work-life balance and active aging policies at national level and to increase gender equality.**

The *European Platform against Poverty* then speaks directly about the **fight against discrimination**. The European Commission commits itself to

*‘... implement programmes to promote social innovation for the most vulnerable, in particular by providing innovative education, training, and employment opportunities for deprived communities, to fight discrimination (e.g. disabled), and to develop a new agenda for migrants’ integration to enable them to take full advantage of their potential.’*

#### **1.4.2 National Reform Programme of the Czech Republic**

The *National Reform Programme of the Czech Republic* (NRP) is evaluated annually. In the area of employment, attention is focused on **strengthening the position of disadvantaged groups in the labour market** (especially young people, women, especially women returning to the labour market after maternity or parental leave, and older workers). The *NRP for 2019* notes that the favourable developments in the labour market in the previous year were reflected not only in a decline in general unemployment rate, but also in a decline in unemployment rate among those considered disadvantaged in the labour market. An **active employment policy** plays an important role in the integration of the most vulnerable groups into the labour market.

##### ***Measures to strengthen women’s participation in the labour market***

In line with the Europe 2020 Strategy, the National Reform Programme focuses on measures to empower women in the labour market.

The basic strategic framework for this issue is the *Government Strategy for Equality of Men and Women in the Czech Republic for 2014-2020*. Particular attention is paid to **promoting gender diversity**, both in the private and public sectors, and to the issue of **work-life balance**.

The *Standard of the post of departmental coordinators of gender equality* was approved in May 2018. Its aim is to **unify the application of the principle of gender equality within individual sectors of the economy**.

In the coming period, an *Action Plan on Equal Pay* will be developed, which will include concrete **measures to reduce the gender pay gap**. All key partners - employers, social partners, the State Labour Inspection Office, the Ombudsman and the Labour Offices - should participate in its preparation.



Great attention is also paid to **childcare services**, as locally and reasonably priced and quality childcare services are one of the important prerequisites for the return of women from maternity and parental leave. Alternatively, these services may help to maintain contact with employment during maternity or parental leave. It is an important tool for harmonizing work-life balance and has a positive impact on the employment rate of parents with children.

## Summary

The prohibition of discrimination and equal treatment has a long **tradition** in European Union law. It is enshrined in the primary and secondary law of the European Union and also in the national legal systems of individual Member States. **The principle of non-discrimination and equal treatment is understood in a broad sense as part of the inalienable civil rights of a free person.** One of the key areas of application of these principles is the labour market and the area of labour relations.

The *Constitution of the Czech Republic* and the *Charter of Fundamental Rights and Freedoms* form the basic legal framework of non-discrimination in the legal system of the Czech Republic. The area of employment issues is regulated primarily by the *Employment Act*, the *Labour Code* and the *Anti-discrimination Act*. All the above legislation lays down the principles of non-discrimination, equal opportunities and equal treatment in some way.

Unlike the other listed acts, the Anti-discrimination Act also provides **legal means of protection against discrimination**. How the affected person will defend himself **will depend on a specific situation**.

In the case of a minor problem, for example, a colleague conceals the information necessary to accomplish a specified task (performance), i.e., discrimination by an employee (colleague), the affected person should act primarily in accordance with internal corporate regulations and to contact an employee in the company responsible for dealing with similar cases. In large companies it will be a specialized employee of the human resources department (HR), in small companies it will be the direct superior, director or owner of the company - it depends on the distribution of competencies in each company. **Businesses are obliged to take measures to ensure equal treatment and equal opportunities for all employees.**

As a last resort, in case of serious problems (issues of long-term wage disadvantage, sexual harassment, etc.), it is possible to turn to the competent court and to claim the rights in **court proceedings**. Doubtful actions by employers may also be investigated by **labour inspection** staff or by the **ombudsman**.

However, the issue of discrimination is getting very slowly into judicial practice (see Table 1.1).

Table 1.1 Final court decisions in civil matters - number of decisions

Type of dispute	2002	2003	2004	2005	2006	2007	2008	2009
Employment disputes related to discrimination on grounds of gender (against women) and the repression of women's rights pursuant to Sections 238 to 242 of the Labour Code	0	0	0	1	5	3	5	1
Termination of employment in connection with discrimination on the grounds of gender	0	0	0	0	1	1	1	4
Wage discrimination on the grounds of gender	0	1	0	0	5	0	4	2
Type of dispute	2010	2011	2012	2013	2014	2015	2016	2017
Employment disputes related to discrimination on grounds of gender (against women) and the repression of women's rights pursuant to Sections 238 to 242 of the Labour Code	3	0	0	0	3	2	1	-
Termination of employment in connection with discrimination on the grounds of gender	1	0	0	0	0	2	0	-
Wage discrimination on the grounds of gender	1	2	0	1	1	2	1	-

Source: Ministry of Justice of the Czech Republic.

Note: - Data not available.

There are several reasons why discrimination is only sporadically brought in lawsuits. A specific feature of lawsuits with a discrimination context is the relatively **high difficulty of taking of evidence**. In many cases, it is very difficult to measure and compare the quality of work performance. Especially in the case of managerial or specialized posts, the amount of hours spent at work does not yet have to say anything about the ultimate success or failure. The key role in this case is played by the quality of human capital, that is, the knowledge, abilities and skills of the individual. This could

include better communication skills, a higher level of computer skills, but also the ability to work in a team, willingness to educate oneself, greater engagement and loyalty to the company, etc. Personality characteristics, such as accuracy and diligence, and the ability to respond quickly and well to problems, may also play an important role. It all depends on the specifics of the particular job and the requirements for the worker that are associated with that job. This raises another problematic issue, namely the lack of knowledge of the business environment by judges and lawyers. This is probably also the reason that lawyers are not interested in cases of discriminatory issues (Brožová, 2018, p. 216).<sup>4</sup>

The principles of non-discrimination and equal opportunities are also included in the basic **strategic documents of economic development**, both at the EU and Czech level. These are the *Europe 2020 Strategy* and the *National Reform Programme of the Czech Republic*. Great attention is paid to the unequal position of women and men in the labour market. The issue of **pay inequality** and measures to reduce gender pay gap (GPG) are at the centre of attention. In addition to income issues, attention is also focused on **work-life balance** and measures that facilitate women's return to the labour market after maternity or parental leave.

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<sup>4</sup> For example, Gender Studies, a non-governmental non-profit organization specializing in discrimination issues, provides legal assistance in issues of discrimination in the labour market. For more information see <https://genderstudies.cz>.

## 2. Women in the labour market

In the long run, the position of women in the labour market has certainly improved substantially. However, their position in the labour market remains less stable than that of men. The female employment rate is lower, they are more often affected by unemployment, there are inequalities in pay between women and men, women's career growth is slower and is often stopped by the so-called glass ceiling, which makes it difficult for them to find a job at top management level, etc. There are many more issues.

These all are the reasons why the position of women in the labour market is paid great attention to in the European Union. The *EU Strategy for Equality Between Women and Men 2010-2015* was adopted under the *Europe 2020 Strategy*. The European Commission (EC) issued the so-called *Strategic Engagement for Gender Equality 2016-2019* as a continuation and extension of this strategy in 2015. This Strategic engagement focuses on five priority areas:

1. Increasing female labour-market participation and the equal economic independence of women and men.
2. Reducing the gender pay, earnings and pension gaps and thus fighting poverty among women.
3. Promoting equality between women and men in decision-making.
4. Combating gender-based violence and protecting and supporting victims.
5. Promoting gender equality and women's rights across the world.

The *Government Strategy for Equality of Men and Women in the Czech Republic for 2014-2020* is based on this pan-European strategic framework.

The document identifies nine main problems in the area of gender equality in the labour market and in business (Office of the Government of the Czech Republic, 2014, p. 15):

1. Low employment of women, in particular in certain specific age categories and groups, for example seniors and single mothers.
2. High unemployment of women, in particular in certain specific age categories.
3. One of the biggest differences in payment between women and men in EU.
4. High degree of women threatened by poverty, in particular in certain specific age categories.
5. High horizontal and vertical segregation in labour market.

6. Discrimination and disadvantaging of women in labour market as a result of childcare or taking care of a close person.
7. Low motivation and ignorance of employers in area of gender equality.
8. Low number of women-entrepreneurs, also risk of increasing number of women working as entrepreneurs involuntarily.
9. Harassment and sexual harassment at workplace.

The main objective is then defined as follows: Strengthening the independence of women and men in economy, strengthening economic position of women. Reducing the gap between payment of women and men to the average of EU. Increasing employment of women to 65%.

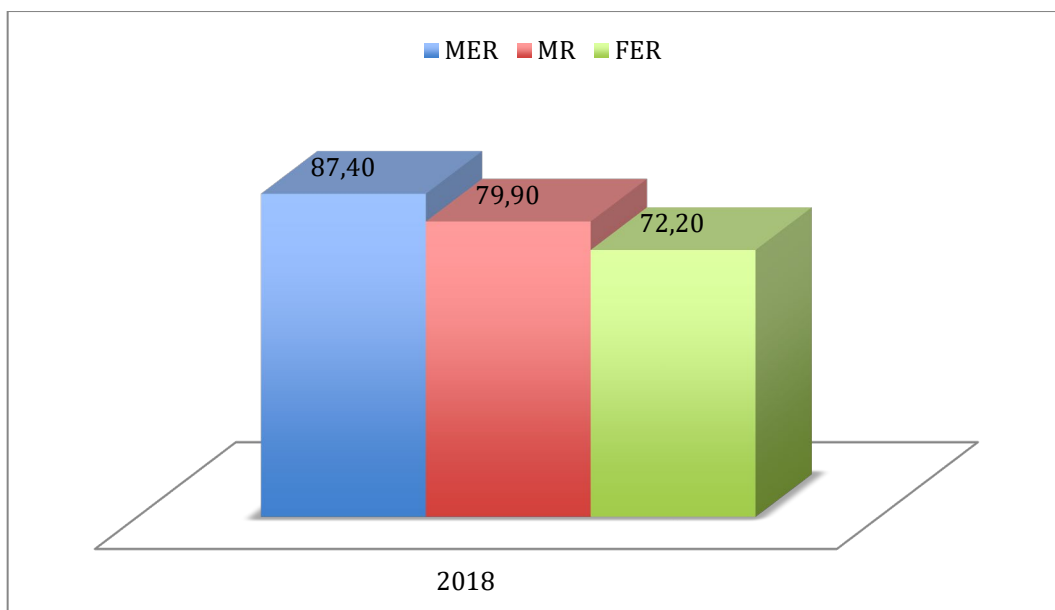
## **2.1 Women in labour market in selected economic indicators**

The text below demonstrates the different position of women and men in the labour market using selected economic indicators.

### **2.1.1 Employment rate**

The employment rate is one of the key indicators of the labour market situation. It expresses the proportion of working-age population in employment, i.e., those active in the labour market. It also shows how a company is able to use the labour force (human capital) at its disposal. The employment rate is considered a key socio-economic indicator when examining labour market developments. For this reason, the development of this indicator is also monitored within the framework of the Europe 2020 Strategy. It sets a 75% employment rate by 2020 as one of its main objectives.

Figure 2.1 Comparison of female and male employment rates in the Czech labour market (2018)



Source: Eurostat; own processing.

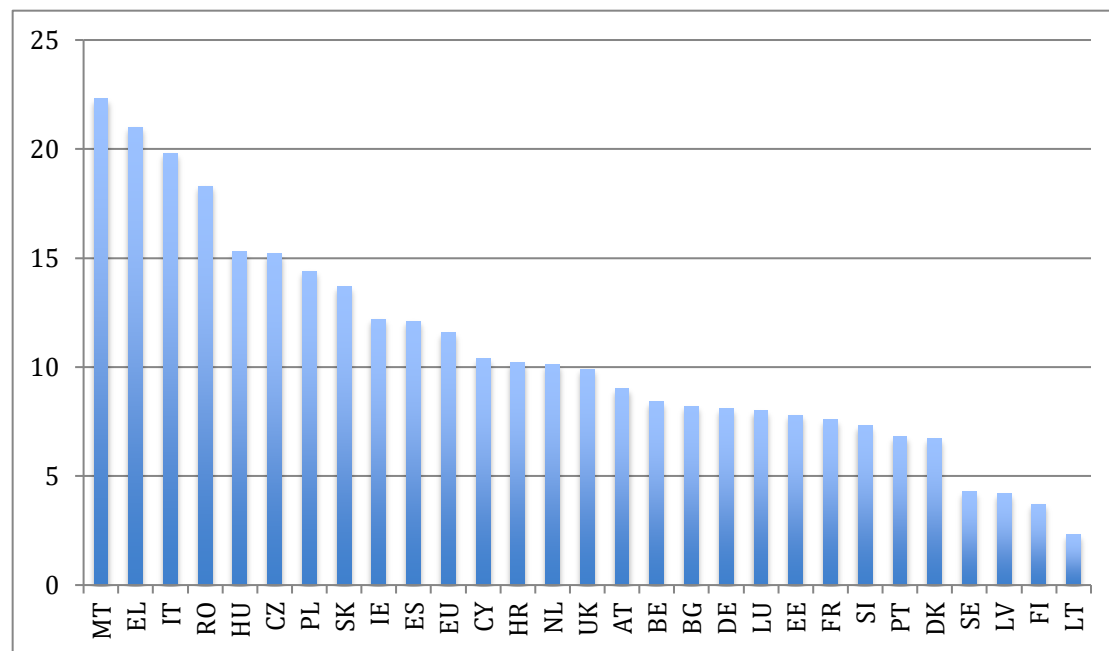
Notes: MER - male employment rate, MR - general employment rate, FER - female employment rate.

Female employment rate is generally lower than that of men in the labour markets and is below the general employment rate. The figure shows that the Czech Republic has already met the target - the general employment rate has exceeded 75%. The female employment rate reached 72.2% and thus significantly exceeded the national goal contained in the National Reform Programme, which sets a target of 65% for FER by 2020 (Office of the Government of the Czech Republic, 2019). FER continued to grow in 2018, by 1.4 percentage points (pp) year on year. The highest increase was recorded in the age groups of 35-39 years (by 2.7 pp to 77.6%), and especially in older age groups at the age of 55-59 years (by 2.6 pp to 82.6%) and 60-64 years (by 4.1 pp to 33.9%) (CZSO).

The development of the employment rate of older age groups was reflected, among other things, in the later retirement of women due to a gradual increase in the retirement age. The increase in the employment rate of middle-aged women is a consequence of economic growth, rapid job creation and probably also an improvement in the work-life balance (e.g., improved supply of pre-school and school facilities, greater flexibility of jobs and use of working time).

However, if we look at the employment rate in the Czech Republic from a gender perspective, the picture will no longer be as positive. A *gender employment gap* (GEG) indicator can be used for comparison with other EU countries.

Figure 2.1 Gender employment gap in EU countries (2018, in %)



Source: Eurostat; own processing.

*Notes: Gender employment gap is defined as the difference between the employment rate of men and women aged 20-64. The employment rate is calculated as the ratio of the number of persons aged 20-64 to the total population of the same age group.*

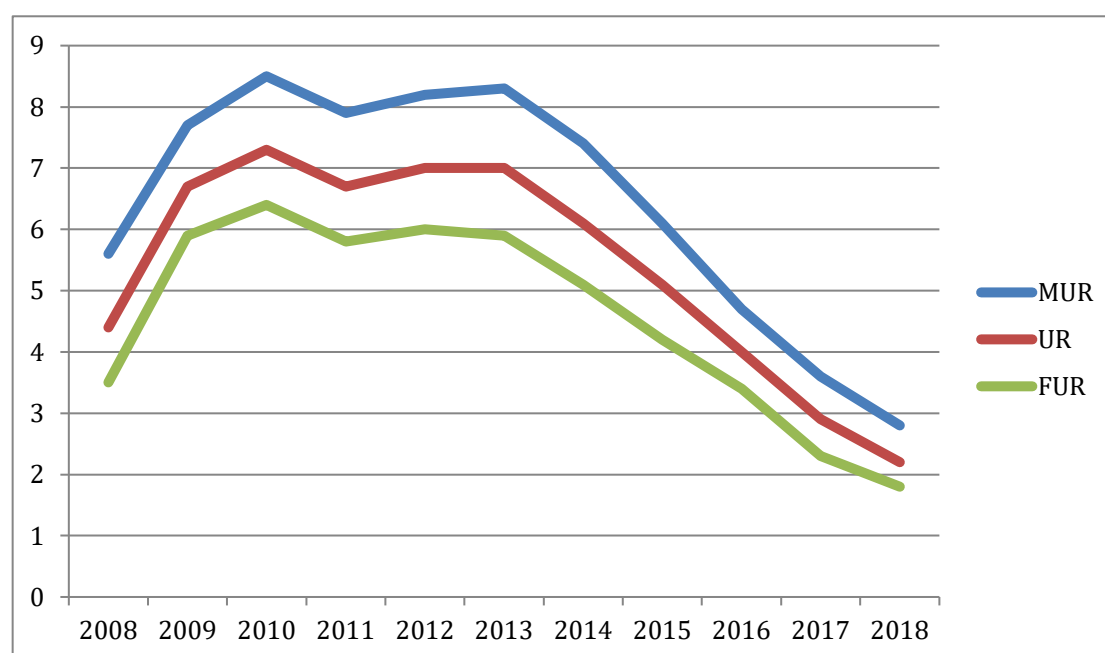
*MT - Malta, EL - Greece, IT - Italy, RO - Romania, HU - Hungary, CZ - Czech Republic, PL - Poland, SK - Slovakia, IE - Ireland, ES - Spain, EU - European Union, CY - Cyprus, HR - Croatia, NL - Netherlands, UK - United Kingdom, AT - Austria, BE - Belgium, BG - Bulgaria, DE - Germany, LU - Luxembourg, EE - Estonia, FR - France, SI - Slovenia, PT - Portugal, DK - Denmark, SE - Sweden, LV - Latvia, FI - Finland, LT - Lithuania.*

The figure shows the large differences in employment between men and women in each EU country. This difference is greatest in Malta (22.3%) and the lowest in Lithuania (2.3%). The highest values of GEG are achieved in the countries of Southern Europe, which is probably related to the prevailing traditional view of women and their role in society. Conversely, these differences are the smallest in the Scandinavian and Baltic countries. **The Czech Republic currently (together with Germany) has the highest employment rate, but at the same time it is characterized by large differences between the female employment rate and the male employment rate, i.e., very high gender employment gap values.** This difference is 15.2% and exceeds the EU average (11.6%).

### 2.1.2 Unemployment rate

Women are traditionally affected by higher unemployment in the labour market than men, the Czech labour market not being an exception (see Figure 2.3).

Figure 2.3 General unemployment rate and female and male unemployment rate in the Czech labour market (in %)



Source: Eurostat; own processing.

Notes: FUR - female unemployment rate, UR - general unemployment rate, MUR - male unemployment rate.

### **The position of women in the labour market is burdened with greater uncertainty.**

The female unemployment rate is approximately 2-3 percentage points higher than the male unemployment rate, and this difference has more or less persisted over the long term. It deepens in times of economic crisis and recession and declines in times of economic growth.

#### **2.1.3. Working time and part-time jobs**

Men and women also differ in the number of hours worked in the labour market. The long-term trend is to reduce the total number of hours worked (both in men and women). While women worked 36.6 hours a week (men 41.4 hours) in 1993, it was 32.8 hours (men 37.8 hours) in 2017 (CZSO, 2018). Thus, the total number of hours worked by women is lower than that of men (Table 2.1). The main reason is probably the fact that women are more bound to taking care of the family or the closest relatives. Personal preferences may also play a part.

Table 2.1 Number of hours worked by working hours and status in job (2017, in hours per week)



2017	Women	Men
<b>FULL-TIME</b>	<b>34.7</b>	<b>38.5</b>
of which:		
employees	34.1	37.3
employers	38.9	44.0
self-employed	39.3	43.0
helping family members	36.9	40.5
<b>PART-TIME</b>	<b>18.8</b>	<b>18.0</b>
of which:		
employees	19.2	18.4
<i>employers</i>	16.2	18.6
self-employed	17.0	16.9
helping family members	17.8	17.8

Source: CZSO (2018); own processing.

Taking a closer look at the number of hours worked, it can be seen that women work fewer working hours in full-time in all the categories mentioned. **Women work more hours in part-time - but with the exception of employers.** In other words, there are more male employers, both full-time and part-time.

Women are also **more often employed on a part-time basis**. See Table 2.2 for details.

Table 2.2 Number of part-time employees (15-64 years) (2017, in %)

2017	Share of part-time employees		Share of part-time employees involuntarily		Share of part-time employees with tertiary education	
	women	men	women	men	women	men
European Union	31.7	8.8	23.3	36.2	24.5	7.5
Czech Republic	10.9	2.4	9.9	6.6	12.4	3.5

Source: CZSO (2018); own processing.

Part-time work is one of the indicators of labour market flexibility. Compared to other EU countries, the Czech Republic has a very low number of part-time jobs. Only 14.2% persons (of the total number of persons employed) were employed part-time (in the EU 32.4%) in 2017, there was a further decrease - to 13.6% in 2018. However, part-time work may in some cases also mean the so-called underemployment (i.e., the individual wants and has the prerequisites to work full-time but does not get a job).

Part-time work is a suitable tool for work-life balance, and is therefore mainly used by women, with no differences in education (see Table 2.2). Involuntary part-time employment signals problems in the labour market (higher unemployment rate). The table shows that there is currently a much higher percentage of men working involuntarily part-time in the EU than women (due to higher unemployment in some national labour markets, such as Greece, Spain and Italy). The situation in the Czech labour market is currently different; the unemployment rate in the Czech Republic is now the lowest in the EU (2.2% in 2018).

#### 2.1.4 Wage gap between women and men

According to the results of the statistical survey, women have consistently lower wages/salaries than men. Women achieve approximately 3/4 of the average wage and around 4/5 of the median wage of men. The ratio is slightly more favourable for women in the public sector (the wage sector).

Expressing the difference using the median wage values (i.e., the median value of wage or the wage of a middle worker) is more accurate. The median wage reflects the gender pay gap better than the average wage, where its total amount is strongly affected by a relatively small group of workers who receive highly above-average wages. The average gross wage reached CZK 33,840 at the end of 2018 and the median wage was CZK 29,247. The development of the median monthly wage is shown in Table 2.3.

Table 2.3 Median monthly wage in the Czech Republic (in CZK) and the percentage of women's wages in men's wages

M/W	1996	2000	2005	2010	2015	2016	2017	2018
Men	10,650	14,623	20,265	23,057	25,224	26,469	29,639	31,910
Women	8,400	11,436	16,443	19,453	19,852	20,957	24,790	26,490
Women/men ratio (%)	78.9	78.2	81.1	<b>84.4</b>	79.05	79.0	83.6	83.0

Source: CZSO, own calculations and processing.

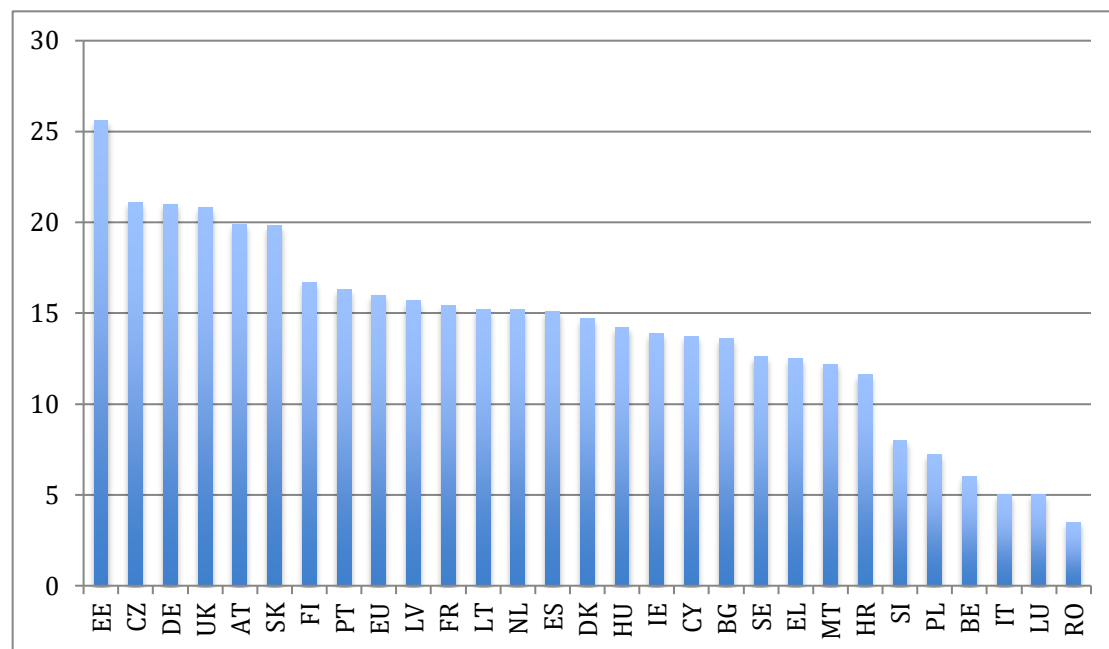
The gender pay gap is gradually narrowing in the long term. The most favourable situation was in 2010. At that time, however, the effects of the financial crisis and the subsequent recession began to appear in the labour market, and the gender pay gap (expressed as a percentage of women's wages in men's wages) began to increase again. There was a certain turn in 2017 - mainly due to economic growth and the overall labour market situation. However, even today the gender pay gap is greater than in 2010.

**Although wage levels continue to rise, wage differences between women and men persist.** Yet the magnitude of this difference is significantly dependent on the economic cycle (the inequality is widening in times of economic crisis and recession).

### Gender pay gap

*Gender pay gap* (GPG) indicator is used **for international comparison**. It expresses the percentage difference in the average wages of women and men (relative to the average wage of men). The indicator may also be calculated as a difference between the median wages of women and men. However, unlike median wages, extreme values (i.e., very high wages, which are more common among men) are also reflected in average values.

Figure 2.4 Gender pay gap (2018)



Source: Eurostat; own processing.

*Notes: EE - Estonia, CZ - Czech Republic, DE - Germany, UK - United Kingdom, AT - Austria, SK - Slovakia, FI - Finland, PT - Portugal, EU - European Union, LV - Latvia, FR - France, LT - Lithuania, NL - Netherlands, ES - Spain, DK - Denmark, HU - Hungary, IE - Ireland, CY - Cyprus, BG - Bulgaria, SE - Sweden, EL - Greece, MT - Malta, HR - Croatia, SI - Slovenia, PL - Poland, BE - Belgium, IT - Italy, LU - Luxembourg, RO - Romania.*

The latest available data (for 2018) show that, overall, the gender pay gap is the largest in Estonia, where women have 25.6% lower incomes than men. By contrast, the lowest wage differences are in Romania (3.5%), Luxembourg and Italy (5% each). **The Czech Republic occupies the second worst place among EU countries - GPG reaches 21.1%.**

The gender pay gap indicator reflects the position of women in the labour market (horizontal and vertical segregation, inadequate work-life balance tools, established career stereotypes, etc.). **It changes during the working age.** It is highest between 35-49 years, when women tend to care most for children (around 30%). However, it is already in the age category up to 24 years (about 13%).<sup>5</sup>

**GPG also differs according to education.** The highest (29%) is among university graduates, where the average difference is almost 15,000 per month. On the contrary, it is the lowest for persons with basic education (17%). They also differ by region - the highest is in Prague (25%) and in regions with higher average wages. In this context, it is appropriate to draw attention to one fact. In terms of educational attainment, there are more women with tertiary education in the EU than men (45.8% women : 35.7% men, the difference is 10.1%). This difference in the number of women with tertiary education to the number of men is even greater in the Czech Republic - 40.6% of women have higher education, but only 27.3% of men (there are more women with higher education in the Czech society than men - by 13.3%, while wage differences are greater than the EU average).

In terms of **professions**, GPG reaches the highest level among financial brokers, incredible 50% (i.e., over CZK 400,000 per year); conversely, the lowest in the profession of cook, only (-1%).

**Social dialogue** plays an important role in reducing GPG. The data show that when an organization has a collective agreement, the gender pay gap averages 21%. Where there is no collective agreement, GPG is 24%. However, GPG is higher (25%) in the private **sector** than in state-owned enterprises (20%), where average wages are generally higher and the pay gap is not so great.

The pay gap has a number of negative consequences for women, particularly in the form of **lower pensions**. The average pension for men was CZK 13,683, while the average pension for women was only CZK 11,281 in the Czech Republic at the end of 2018 (CSSA, 2019). Unequal pay also implies inequality in consumption and restrictions on ownership, worse access to mortgages, loans and home ownership, etc. Women aged 65 and more are the social group most at risk of poverty.

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<sup>5</sup> For more information on GPG, see Křížková, Vohlídalová, Pospíšilová and Maříková (2017); the data mentioned are taken from this study.

## Summary

Although *de jure* gender equality in the labour market is sufficiently enshrined in legislation, the real situation shows that gender equality has not been *de facto* achieved. This is also confirmed by the analysis of selected economic indicators.

The situation in the Czech labour market has been affected by economic growth for a long time and this is also reflected in the development of selected indicators. Looking more closely at the individual indicators, however, we can see that gender differences still persist and diminish only marginally. This suggests that the **position of women in the labour market is primarily a social problem**. The differences between men and women are the result of the prevailing gender stereotypes, established patterns of behaviour and prejudice. They are manifested in various areas of the lives of society, including the labour market.

The general employment rate in the Czech Republic has been rising steadily in recent years (both in men and women) and is currently at its highest level in the EU (similar to Germany). **However, increasing employment rate does not reduce the gender employment gap - it is still one of the largest in the European Union.**

Women have a less stable position in the labour market - **in the long run they are burdened with higher unemployment rates than men**. The unemployment gap is widening in times of economic recession and decreasing in times of growth.

Women and men also differ in the number of hours worked. Women spend about 5 hours a week less in employment and are also more often employed on a part-time basis, which is an appropriate tool for work-life balance. The care for family and children rests mostly on women.

The Czech Republic is characterized by **large differences in wages for women and men**. Gender pay gap reaches the second highest value in EU countries! Inequality in pay then affects mostly senior women in the form of lower old-age pensions. As a result, **women aged 65 and more are the social group most at risk of poverty.**

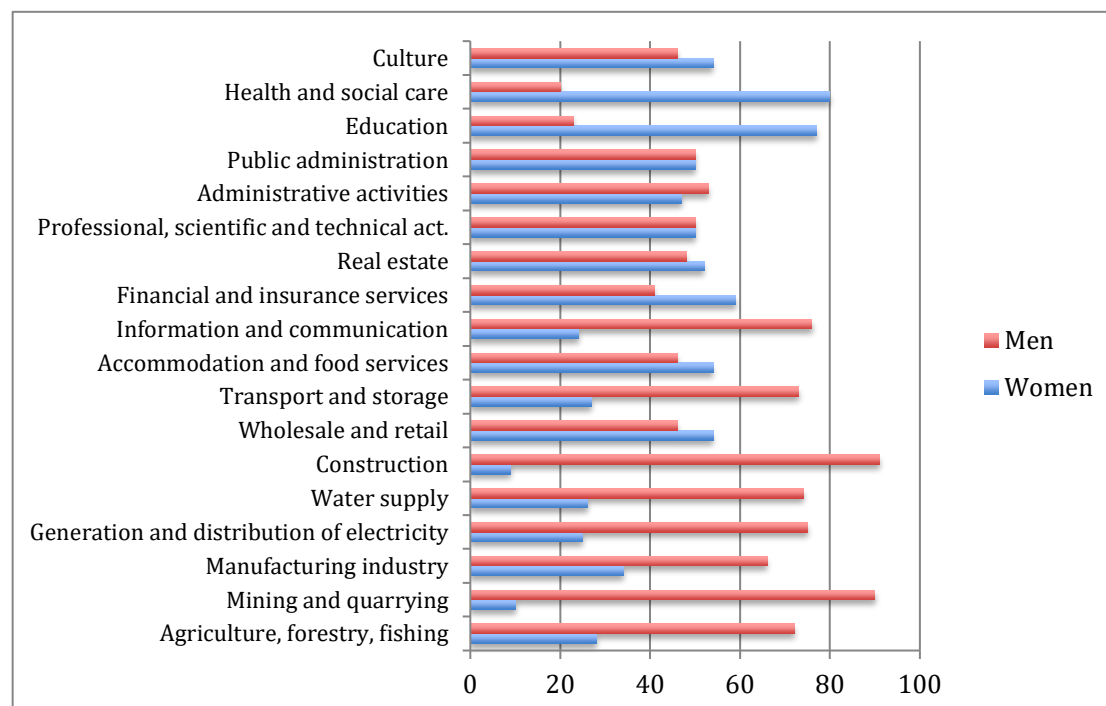
## 2.2 Gender segregation in the labour market

However, the economic indicators mentioned above do not indicate anything about the structure of the participation of women and men in individual sectors, branches or professions. There are two main types of gender segregation in the labour market - *horizontal* and *vertical*.

### 2.2.1 Horizontal gender segregation in the labour market

Horizontal gender segregation is a situation where there is a **high concentration of women or men in a specific industry**, sector, field or profession. Research and studies have shown that in all European countries, including the Czech Republic, women and men are concentrated in certain professions ('typically female' and 'typically male' jobs).

Figure 2.5 Representation of women and men in each industry by CZ-NACE (2017, in %)



Source: CZSO (2018); own processing.

In the Czech Republic, *women* are concentrated mainly in the human health and social work activities (where they make up 80% of all employees), education (77%), financial and insurance activities (59%), accommodation and food service activities (54%) and in wholesale and retail trade (54%). *Men* are most represented in the construction (91% of all employees), mining and quarrying (90%), information and communication (76%), power engineering (75%), transportation and storage (73%) and in agriculture and forestry (72%). Jobs are divided between women and men equally (in numbers) in public administration and professional, scientific and technical activities. There are only minor differences in the number of women and men in the administration and real estate sectors.

Almost 3/4 of women work in services in terms of representation in individual economic sectors. Men are approximately equally represented in the secondary and tertiary sectors.

Table 2.4 Percentage of employed women and men by economic sectors (Q1 2018)

Sector	Women	Men
Agriculture	1.7	3.8
Industry and construction	23.8	48.4
Services	74.4	48.0

Source: CZSO; own processing.

However, horizontal segregation is not only about the number of women and men across sectors and professions. It is associated with a number of inequalities and stereotypes (e.g., significantly lower wages in fields with a high concentration of women).

There are several causes of horizontal gender segregation and its persistence, in particular:

- prevailing industrial structure - a country, region is dominated by a certain type of industry, which affects the demand and supply in the labour market for certain professions,
- structure of the economy - its division into individual sectors,
- welfare state settings - length of maternity and parental leave, benefits, etc.
- level and field of education of potential employees,
- existence of gender stereotypes (in society, in the family),
- existence of barriers in employers.

### Example

Countries with a developed service sector have a higher degree of gender segregation of jobs. This is related to the transfer of a large part of the caring and auxiliary activities previously performed by women as unpaid household and family work to the labour market. This, in parallel with the efforts of states to increase the employment of women, has led to a large extent of women entering care and service jobs. These professions often offer greater flexibility in terms of balancing work and family. They are more likely to allow part-time work and are therefore more attractive to women who are still considered primary carers for children and households. However, the question is whether flexibility is a response to the needs of women or whether these jobs are sought by women for their flexibility. And it should be noted that this flexibility can often be negative for women in the form of precarious and

unstable work. On the contrary, 'typically male' jobs rarely offer part-time work, and employers tend to select men who do not assume a family care commitment (Valentová, Šmídová, Katrňák 2007).

**Horizontal segmentation is significantly related to education** - the field of study that students choose at the end of primary school. There are several factors influencing students' decisions:

- **School** - but many researches show that it is the schools that support and reward girls and boys in different subjects. In general, girls and women are associated with subjects and disciplines that are based on relationship and emotionality when studying. On the other hand, boys and men are traditionally associated with technical disciplines and logical thinking (Smetáčková, 2005).
- **Family** - what the jobs of parents are, a tradition of a particular profession in the family (tradition of doctors, lawyers, car mechanics, etc.), parents' ideas of their child's profession, but also the overall level of cultural capital in the family (i.e., relationship to education, art, music, literature, etc.).
- **Influence of media** - what professions are promoted, how they talk about the professions.
- **Prestige** - which society associates with the performance of a profession; degree of social recognition, social status.
- **Influence of gender stereotypes** - which prevail in society.
- **Personal disposition** - innate prerequisites to practice a certain profession.

The choice of profession is thus significantly influenced by the external environment, and the decision-making according to the gender perspective prevails. According to CZSO data (2017), girls decide primarily for the study of humanities, medical and pedagogical disciplines or services (especially tourism, gastronomy). Boys predominantly choose natural and technical sciences such as computer science, electrical engineering and construction.

### 2.2.2 Vertical gender segregation in the labour market

Along with horizontal segregation, vertical segregation also manifests itself in the labour markets, where women and men have different representation within the employee hierarchy. Men usually prevail in top posts, which are also associated with higher prestige, women in lower posts. Vertical gender segregation further reinforces



income inequalities resulting from occupational segregation. In other words, men work in better-paid sectors in better-paid jobs.

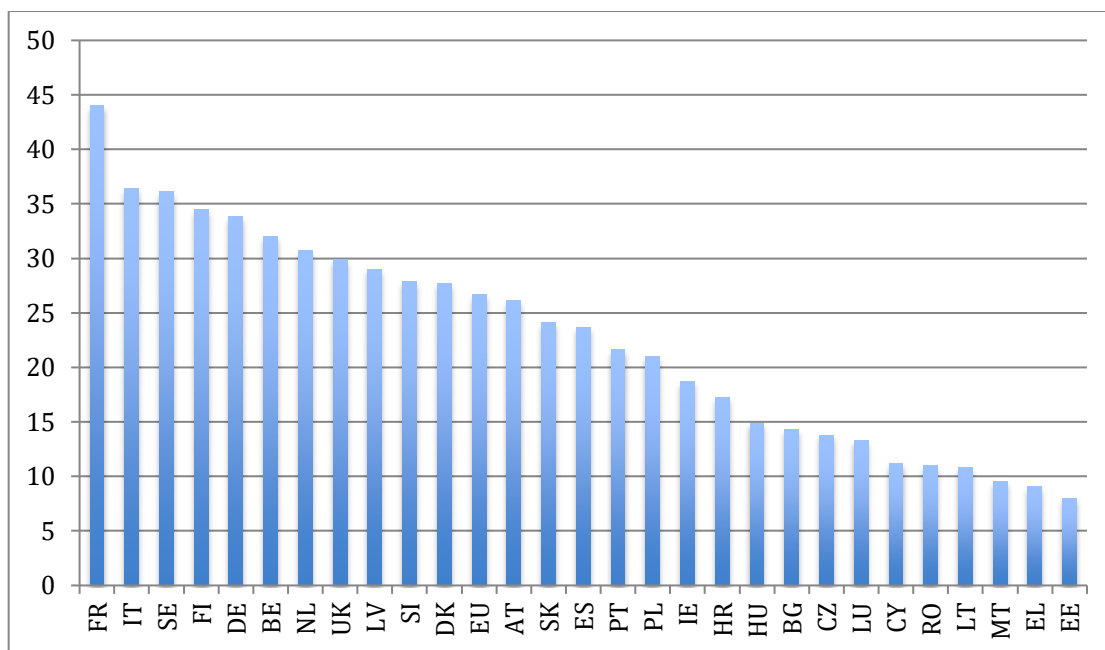
Vertical segregation is particularly pronounced in sectors with a high concentration of women. Valentová, Šmídová and Katrňák (2007) report that *‘the more typically female jobs women do, the lower their income and lower promotion opportunities, lower social status, fewer opportunities to become leaders and decision-makers compared to men.’*

#### **Examples**

The overwhelming majority of employees in health care are women (approximately 80%), while men are predominantly senior doctors or hospital directors. The same is true in many universities, where women predominate, but the overwhelming majority of top posts are occupied by men. Women very rarely work as heads of department, deans, vice-deans, rectors, etc.

Although women are more often in top posts compared to the 1990s, their percentage representation in management, boards of directors, top posts in state administration, etc. is still very low.

Figure 2.6 Share of women at the senior management level of large companies (2018, in %)



Source: Eurostat; own processing.

Notes: FR - France, IT - Italy, SE - Sweden, FI - Finland, DE - Germany, BE - Belgium, NL - Netherlands, UK - United Kingdom, LV - Latvia, SI - Slovenia, DK - Denmark, EU - European Union, AT - Austria, SK - Slovakia, ES - Spain, PT - Portugal, PL - Poland, IE - Ireland, HR - Croatia, HU - Hungary, BG - Bulgaria, CZ - Czech Republic, LU - Luxembourg, CY - Cyprus, RO - Romania, LT - Lithuania, MT - Malta, EL - Greece, EE - Estonia.

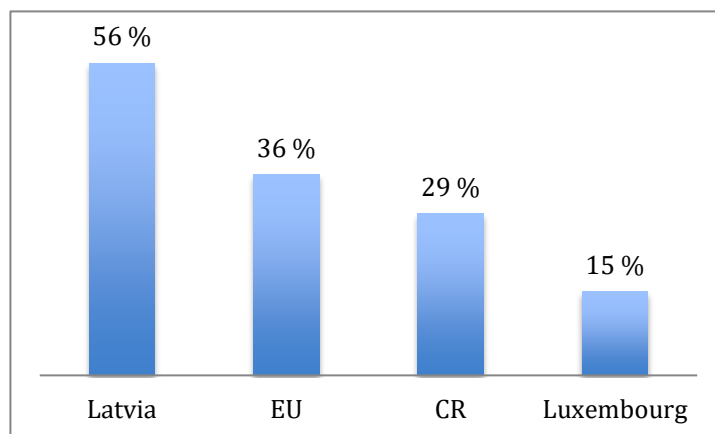
Figure 2.6 shows the percentage of women in the top management of large companies the shares of which are traded on the stock exchange. At first glance, it is clear that the indicator under review differs significantly in each Member State; ranging from 44% in France to 8% in Estonia. For the Czech Republic, the international comparison does not sound flattering - only 13.8% of the top management posts in large companies are occupied by women.

Women often have limited access to higher posts due to the so-called **glass ceiling**. It is a kind of 'invisible barrier', an obstacle - traditional patterns of behaviour, values or assumptions that prevent women from making a career. Women rarely reach the highest professional, economic, academic or political posts. A glass ceiling is the limit to which women are 'admitted' in their promotion. The expression 'glass' indicates that a woman, by virtue of her professional and personal qualities, can see as far as the top post. However, as she begins to make an effort to reach the top post, she will come across an 'invisible' obstacle in the form of various pressures and efforts directed against her promotion.

The existence of a glass ceiling is confirmed by other Eurostat data (2019). 9.4 million people worked in managerial posts in the EU countries in 2018 (of which 6 million were men, i.e., 64%, and 3.4 million women, i.e., 36%). This means that one manager in three is a woman, but no matter whether it is lower, top or senior management. The higher in the corporate hierarchy, the smaller the proportion of women. Women represent only 27% of the board of directors and only 17% of the senior management of large companies.

The situation is below average in all the above indicators in the Czech Republic (see Figures 2.7 to 2.9; the countries where the monitored indicator is the highest and the lowest, the EU and the Czech Republic average are provided).

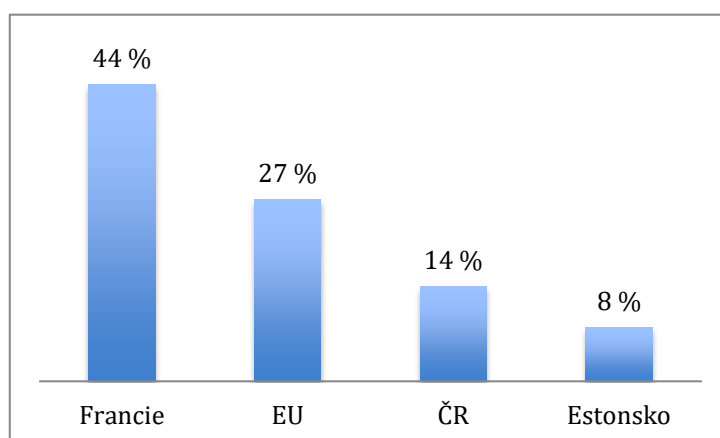
Figure 2.7 Share of women in business management (no matter what level of management, 2017)



Source: Eurostat; own processing.

29% of women work in managerial posts (similar to Denmark, Italy and the Netherlands). Only Cyprus (23%) and Luxembourg have even lower female representation. In addition, the representation of women in management in Germany is similar to that in the Czech Republic, namely 30%. The representation of women in management in Slovakia reaches a relatively high level of 40%. The EU average has not changed since 2012 and remains at the same level.

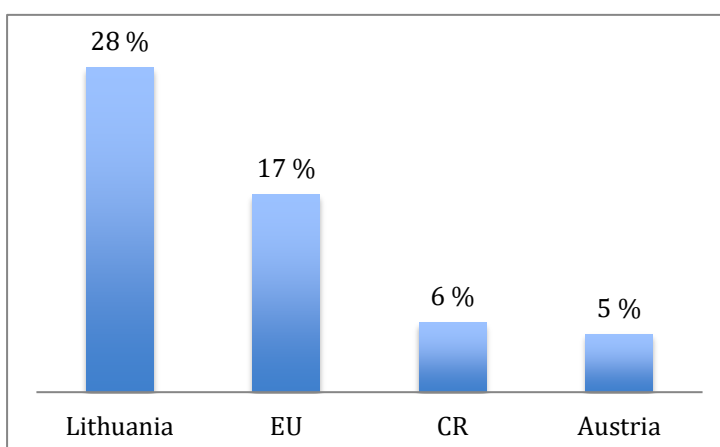
Figure 2.8 Share of women in boards of major publicly traded companies (2018)



Source: Eurostat; own processing.

Most women are represented in supervisory boards in France (44%), followed by Italy and Sweden (36% each) and Finland (35%). Women are least represented in supervisory boards of enterprises in Estonia (8%), Greece (9%) and Malta (10%). In Germany, the proportion of women in supervisory boards is relatively high, reaching 34%. The indicator in question reaches 24% in Slovakia. The EU average has risen by 9 percentage points since 2013 (in 2013 only 18% of women were represented in the supervisory boards of the largest companies).

Figure 2.9 Share of women at senior management level of the largest publicly traded companies (2018)



Source: Eurostat; own processing.

Regarding the proportion of women at the senior management level of large companies, women are most represented in Lithuania (28%), followed by Bulgaria, Latvia (27% each) and Romania (25%). On the other hand, the least number of women are

represented in senior management in large companies in Austria (5%) and in the Czech Republic (6%). Italy (9%) and Portugal (10%) also show a low representation of women. In Germany, women represent 14%, in Slovakia even 20%.

In addition to the glass ceiling, the **glass escalator effect** can be found in the labour market. It is manifested in gender unequal treatment in a work environment dominated by women. It is a situation when a woman and a man perform work in the same job, have the same content of work and their efficiency does not differ. However, men have a better chance of promotion because of their minority position in the workplace. They move faster in the career ladder than an equally qualified woman. Most often the glass elevator effect is manifested in socially oriented professions, education systems or healthcare.

Vertical segregation is usually caused by gender stereotypes and behaviour patterns. Men are consistently considered natural leaders who are able to make rational and emotionless decisions. On the contrary, women are stereotypically associated with emotional decision-making. Because of family responsibilities, women are considered less effective employees. They are associated with family and children, men with career.

## Summary

Horizontal gender segregation also contributes to the unequal position of women in the labour markets. It is a fact that women are concentrated in 'typically female' sectors, disciplines and professions, and if they want to work in 'typically male' fields, they have to make far more efforts to succeed.

Horizontal segregation is usually accompanied by vertical gender segregation. It means that women are represented in senior managerial positions, in better rated jobs with decision-making and management powers, and also with greater responsibility, in organizations at an incomparably lower level than men.

The reasons for both types of gender segregation are the same. They consist mainly of deep-rooted gender stereotypes and behavioural patterns.

The position of women in enterprises started to change more in the last few years. In a highly competitive environment, businesses use all the tools to strengthen their market position and improve performance. Many of them realize that the lack of women in leadership is ultimately a disadvantage to the effectiveness of work teams.

The analysis showed that **both horizontal and vertical segregation is very high in the Czech Republic**. The proportion of women in the management and top bodies of companies is one of the lowest in the Czech Republic compared to other EU countries.

### Example

SAP is an example of a successful international company that applies the principle of equal treatment. This international company was awarded the EDGE (Economic Dividends for Gender Equality) world certificate in 2016, which also applies to its SAP Czech subsidiary - one of the largest business service centres in Prague, providing financial and personnel services to SAP subsidiaries around the world. 73% of all employees are women in the Prague service centre and 67% of leading posts are occupied by women. The company offers its employees mainly benefits that are focused on the flexibility of work (e.g., home office, the possibility to go to work with the child if necessary - there is an equipped playroom available). Where operating conditions allow, the company offers part-time work for women after parental leave.

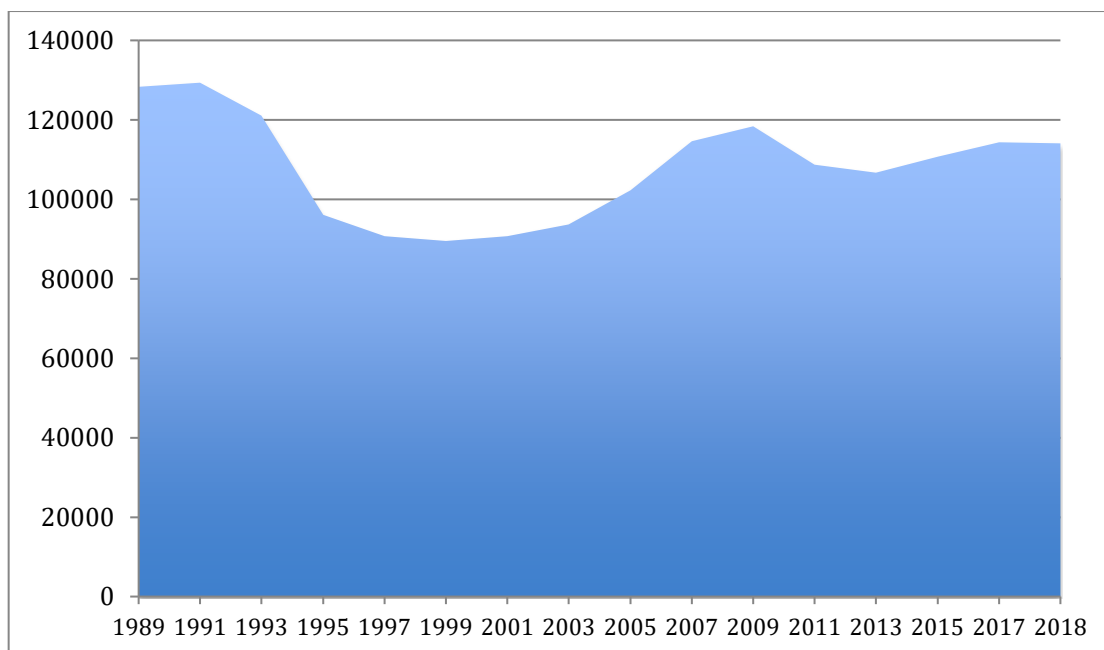
Source: <https://news.sap.com/cz/2018/11/v-sap-services-zastavaji-manazerske-pozice-ze-dvou-tretin-zeny-v-podnikovych-sluzbach-v-cr-je-to-pritom-prumerne-pouze-42/>.

Women are more and more active in corporate management, especially in the areas of human resources, finance or marketing - in fields that are attractive to them. The results of researches show that in companies headed by women there is a more pleasant atmosphere in the workplace, better working relationships, often higher motivation and commitment of employees.

### 2.3 Return of women to labour market after maternity and parental leave

The complexity of the position of women in the labour market results mainly from their motherhood and parenthood. Women who have spent longer periods on parental leave have a much worse position in the labour market than men. Maternity leave usually stops their career growth for several years. After returning to the labour market, they have to cope with the harmonization of work and family life, as well as with the need to maintain and/or regain a high level of knowledge in their fields. The obsolescence of knowledge and skills today is much faster than ever. If a woman returns to the labour market after three or more years, she is again at the beginning of her career, usually with worse opportunities to find a suitable job, since she is no longer flexible with regard to children.

Figure 2.10 Development of births in the Czech Republic (1989-2018)



Source: CZSO; own processing.

Figure 2.10 shows the development of birth rates in the Czech Republic over the last three decades. Looking more closely at the figure, it can be seen that **birth rate is strongly influenced by political stability and economic development**. Birth rates declined throughout the 1990s, significantly in their first half. Political and economic changes have created a sense of uncertainty and instability, and the economy and market have undergone major changes. While 128,356 children were born in 1989, the birth rate reached a historical low in 1999 (the number of children born dropped to 89,471). The Czech Republic became a member of the EU in 2004 and a period of rapid economic growth followed, which was interrupted only in 2008 with a financial crisis and subsequent economic recession. The birth rate grew rapidly between 2004 and 2009 (118,348 children were born in 2009). It decreased in the following years, until 2013 (106,751 births). The economic recovery started around 2014 and the birth rate increased in the following year (2015), it had an upward trend until 2017, there was only a slight decrease in 2018 (from 114,405 births in 2017 to 114,036 in 2018).

An appropriately set family policy can have a positive effect on birth rates and help prevent large declines in birth rates, especially during the economic recession.

### 2.3.1 Main tools of family policy of the Czech Republic

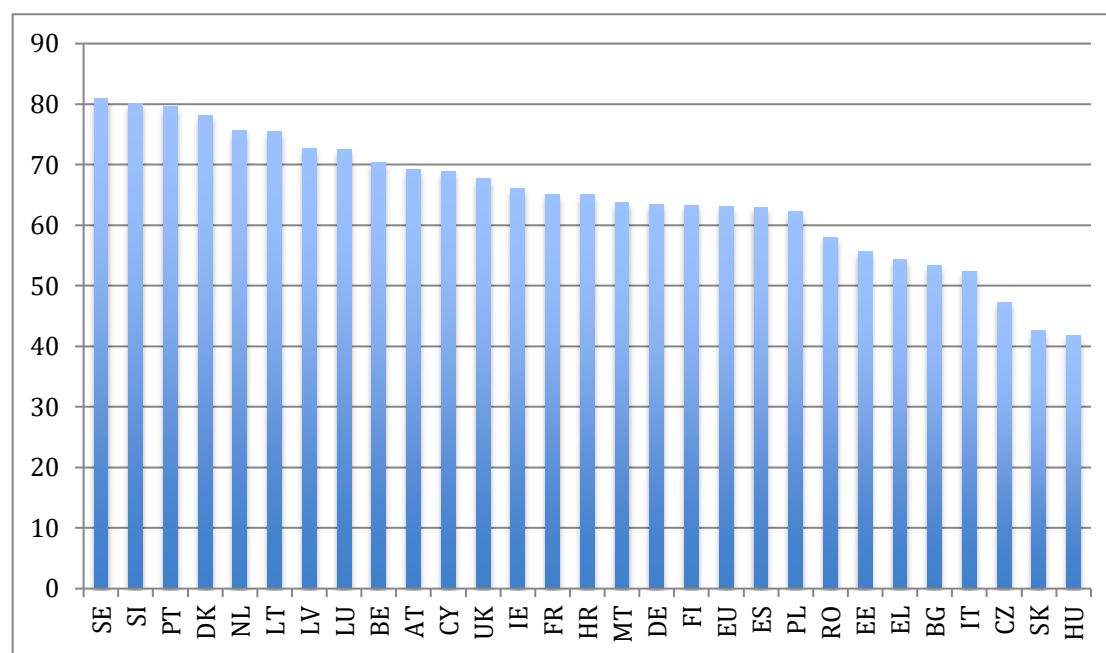
In connection with the ‘Strategic Framework Czech Republic 2030’ and the ‘National Concept for Support for Families with Children’, the Ministry of Labour and Social

Affairs adopted the *Family Policy Concept* in 2017. The following issues are defined as key in the document (in relation to the topic under consideration):

- Persistent social stereotypes and the related disadvantageous position of women (and the elderly) in the labour market.
- High impact of maternity on employment (significantly lower employment of women with children under 6 years of age) (see Figure 2.11).
- Insufficient possibilities for work-life balance (mainly lack of flexible working hours and available pre-school childcare services) (see Figure 2.14).
- Income differences between men and women. Higher risk of poverty among single parent families and parts of working women.

On the contrary, a high level of women's education is rated as positive. Higher education indicates higher labour productivity as well as greater ability to adapt flexibly to current labour market needs.

Figure 2.11 Employment rate of women with small children (aged 6 or less) in EU countries (2018)



Source: Eurostat; own processing.

Notes: SE - Sweden, SI - Slovenia, PT - Portugal, DK - Denmark, NL - Netherlands, LT - Lithuania, LV - Latvia, LU - Luxembourg, BE - Belgium, AT - Austria, CY - Cyprus, UK - United Kingdom, IE - Ireland, FR - France, HR - Croatia, MT - Malta, DE - Germany, FI - Finland, EU - European Union, ES - Spain, PL - Poland, RO - Romania, EE - Estonia, EL - Greece, BG - Bulgaria, IT - Italy, CZ - Czech Republic, SK - Slovakia, HU - Hungary.



The employment rate of women with young children aged 6 or less in the Czech Republic is very low in comparison with other Member States (the third lowest in 2018) - while the general employment rate in the Czech Republic reaches the highest values in comparison with other EU countries. A more detailed view is provided in Table 2.5.

Table 2.5 Comparison of employment rate of selected population groups (2018, in %)

Indicator	CR	EU
Employment rate (MR)	81.8	74.5
Female employment rate (FER)	74.0	68.8
Male employment rate (MER)	89.3	80.2
FER with children aged 6 or less	<b>47.2</b>	63.1
MER with children aged 6 or less	90.6	89.6
FER with children aged 12 or more	90.9	75.1
MER with children aged 12 or more	93.8	85.3

Source: Eurostat; own processing.

While the general employment rate in the Czech Republic is currently at its highest in the EU (reaching 81.8% in 2018), the situation seems somewhat different from a gender perspective. The male employment rate in the Czech Republic (in line with the general employment rate) is unrivalled within the European Union (89.3%), but the female employment rate is 74%. While this is higher than the EU average of this indicator (68.8%), female employment is higher in many countries (with a lower general employment rate; e.g., in the Scandinavian countries, the female employment rate is the highest in Sweden - 78.7%, in the Baltic countries, most in Lithuania - 78.4%, in Germany 76.8%). A huge **drop in employment is apparent for women with young children** (aged 6 or less) - to 47.2%. The situation of women with older children is quite different - this group of women achieves high employment in the Czech labour market - 90.9%. For the sake of completeness, it should be added that the employment rate of childless women in the Czech Republic is 75.5% (EU average 67.4%).

Several conclusions can be drawn from this analysis:

- The fundamental problem in the Czech labour market is the enormously low employment rate of women with young children. Although the general

employment rate is currently the highest in the Czech Republic in comparison with other EU Member States, the employment rate of women with young children is extremely low (47.2% - the third worst result). The difference in employment of men and women with young children is 43.6 pp!

- The male employment rate is not significantly affected by the number of children.
- The female employment rate is generally lower by more than 15 pp, even at the present time, where the labour market has had a long-term labour shortage.

**Families with young children are among the most vulnerable groups in the Czech Republic in terms of the risk of poverty.** The reason is that only one family member usually works in such families.

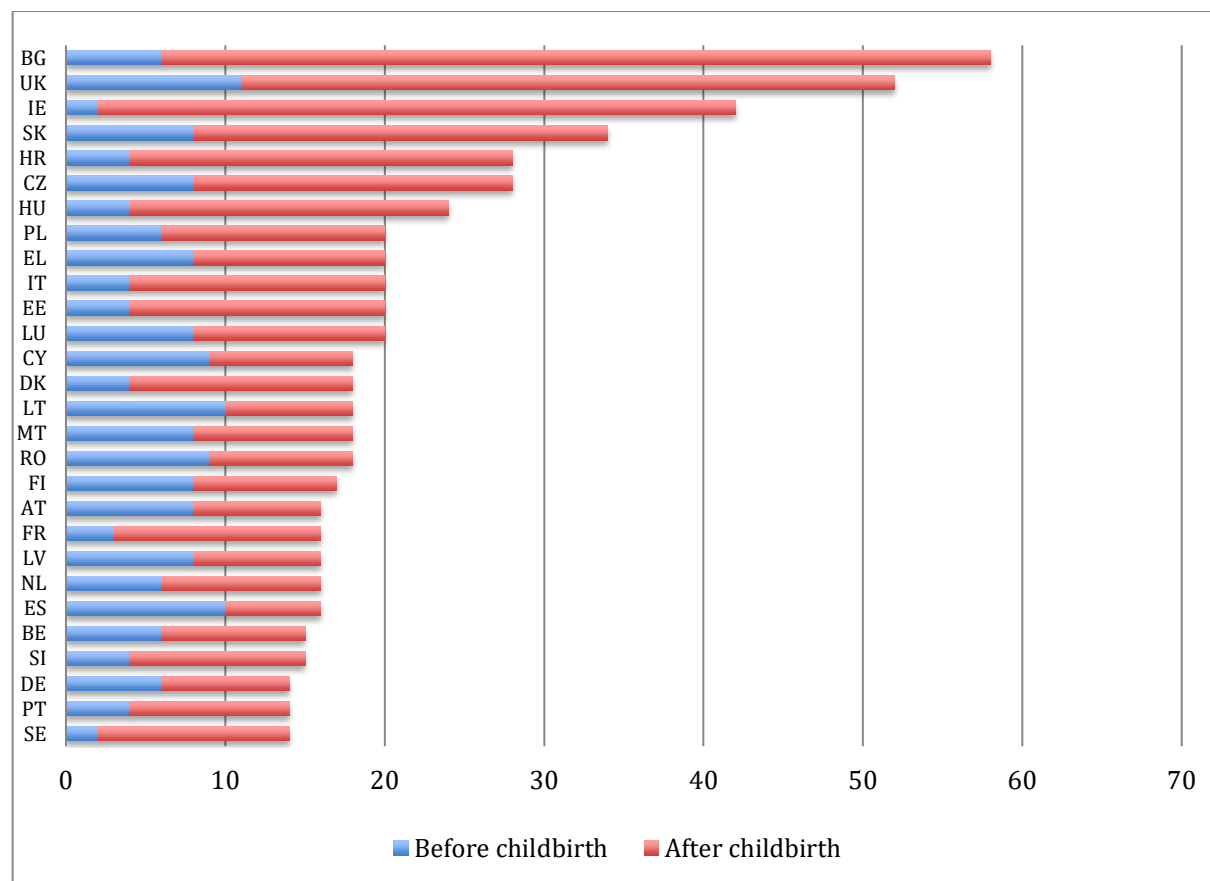
Although there is currently a labour shortage in the Czech labour market, the gender employment gap is still quite high. Employers usually demand professions that are not very suitable for women. Demand for less qualified professions, such as assembly workers or manufacturing or construction workers, is prevailing. There is also a high demand for truck drivers, welders or warehousemen. The cause of this situation is, inter alia, the structure of the economy. The Czech Republic is called the ‘industrial heart of Europe’ - most people from all European countries work in the secondary sector (i.e., industry and construction; over 38% of employees in 2017 according to the CZSO). Conversely, the development of the service sector, which includes the female-dominated professions, lags behind the developed countries (over 59% of employees).

**The state uses a number of instruments to implement family policy,** the most important of which are maternity and parental leave, maternity benefits, parental allowance and parental and maternity compensatory allowance.

### *Maternity and parental leave*

The length of maternity leave varies from country to country (Figure 2.9). National governments can set how many weeks maternity leave will include before and after birth, how many weeks will be provided mandatory (by law), and how much above this limit. However, each country must provide a minimum of 14 weeks, of which two weeks are mandatory, according to current European legislation.

Figure 2.12 Length of maternity leave in EU countries (2018, in weeks)



Source: European Parliament (2019); own processing.

Notes: BG - Bulgaria, UK - United Kingdom, IE - Ireland, SK - Slovakia, HR - Croatia, CZ - Czech Republic, HU - Hungary, PL - Poland, EL - Greece, IT - Italy, EE - Estonia, LU - Luxembourg, CY - Cyprus, DK - Denmark, LT - Lithuania, MT - Malta, RO - Romania, FI - Finland, AT - Austria, FR - France, LV - Latvia, NL - Netherlands, ES - Spain, BE - Belgium, SI - Slovenia, DE - Germany, PT - Portugal, SE - Sweden.

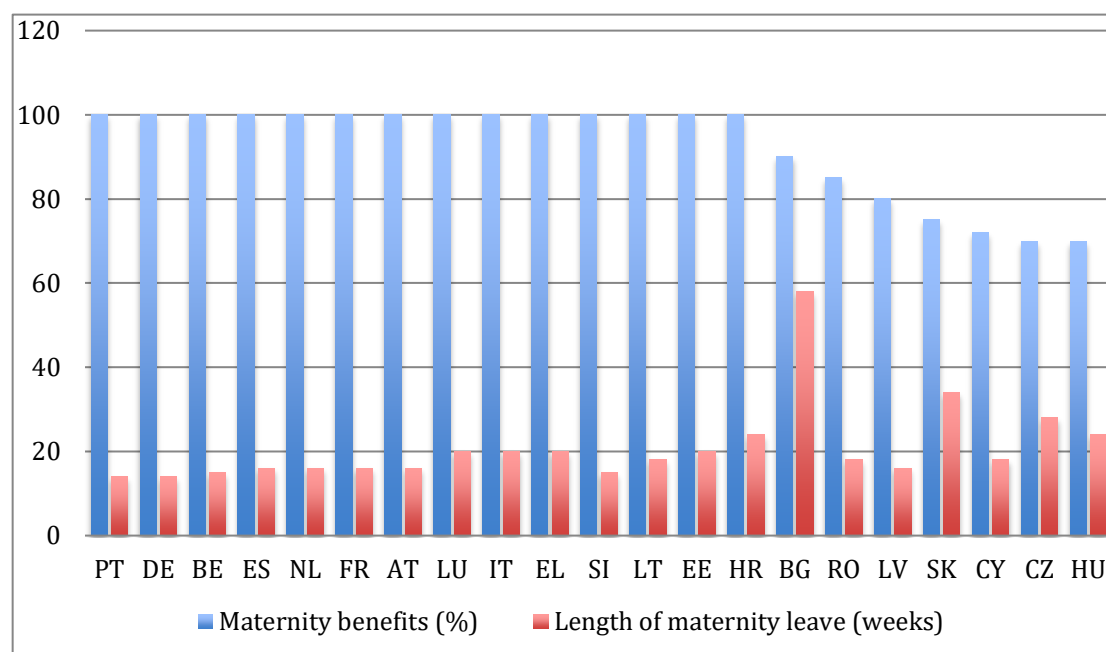
The longest maternity leave is granted in Bulgaria (58 weeks), the United Kingdom (52 weeks) and Ireland (42 weeks). Countries with longer maternity leave also include Slovakia (34 weeks), Croatia and the Czech Republic (28 weeks) and Hungary (24 weeks). By contrast, the shortest maternity leave - and only for a minimum mandatory period of 14 weeks - is in Sweden, Portugal and Germany. It should be noted that the length of maternity leave may not be decisive, as women can take parental leave after the end of maternity leave, the duration of which can be considerably longer and also under other financial conditions.

One-week paternity leave was also introduced in the Czech Republic, which the father can take up to 6 weeks after the child's birth.

### Financial help in maternity

The amount of maternity benefit in most European countries depends on the amount of earnings before maternity leave (see Figure 2.13). It is provided at a uniform level or is not dependent solely on wage levels in other countries (Sweden, Finland, United Kingdom, Ireland, Malta, Denmark and Belgium).

Figure 2.13 Amount of maternity benefits in EU countries in relation to wages (2018, in %)



Source: European Parliament (2019); own processing.

Notes: PT - Portugal, DE - Germany, BE - Belgium, ES - Spain, NL - Netherlands, FR - France, AT - Austria, LU - Luxembourg, IT - Italy, EL - Greece, SI - Slovenia, LT - Lithuania, EE - Estonia, HR - Croatia, BG - Bulgaria, RO - Romania, LV - Latvia, SK - Slovakia, CY - Cyprus, CZ - Czech Republic, HU - Hungary.

Maternity allowance in the amount of 100% of women's previous income (before maternity leave) is paid in 14 EU countries. It is lower in the other countries - 90% in Bulgaria and 70% in Hungary and the Czech Republic. The figure also shows certain dependence between the length of maternity leave and the amount of maternity allowance - shorter maternity leave is usually associated with a higher allowance. The difference between the original and the new Member States is also evident. The new member states (including the Czech Republic) usually provide (with the exception of Estonia, Lithuania, Slovenia, etc.) longer maternity leave and lower financial allowance.

Women who have paid sickness insurance for at least 270 days are eligible for approximately six months' maternity allowance. If they do not qualify for maternity allowance requirements, they will immediately receive parental allowance.

### *Parental allowance*

A parent is entitled to the parental allowance during the whole calendar month if such parent 'personally, all day and properly cares for the youngest child in the family, until the total amount of CZK 220,000 is drawn, up to 4 years of age of the child' ([www.mpsv.cz](http://www.mpsv.cz)). In the case of twins or more children born at the same time, the parent is entitled to an amount of up to CZK 330,000.

The condition for entitlement to parental allowance is that a child under 2 years of age attends a nursery, kindergarten or similar facilities for pre-school children up to a maximum of 4 hours per day.

Parent's income is not monitored. A parent may pursue a gainful employment, but is obliged to ensure that another adult takes care of the child while working.

### *Compensatory allowance in pregnancy and maternity*

The compensatory allowance in pregnancy and maternity is a social benefit which is granted to women who are transferred to other job due to pregnancy or maternity and their income is consequently reduced. The compensatory allowance shall be granted for the calendar days in which the transfer to another work took place, no later than the beginning of the 6th week before the expected date of birth. After delivery, the compensatory allowance is granted until the end of the 9th month.

Only women who meet the conditions stipulated by law (Act No 187/2006 Coll., on sickness insurance, as amended) are entitled to the compensatory allowance. The allowance may be drawn by a pregnant worker who is transferred to another job because the work she has performed so far is prohibited for pregnant women or, according to the attending physician, such work threatens her pregnancy. Due to maternity, the compensatory allowance is granted until the end of the 9th month after childbirth. The allowance is also intended for workers who are breastfeeding and therefore have to be transferred to other job. Another necessary condition is the participation of a woman in sickness insurance.

Some workers are not entitled to the compensatory allowance during pregnancy and maternity. These include, for example, female workers participating in small-scale employment insurance, employed on the basis of agreements on work performed outside employment (agreement to complete a job, agreement to perform work), members of collective bodies of legal entities or self-employed persons.

### 2.3.2 Measures to promote work-life balance on the part of companies

At present, the implementation of the **work-life balance policy** represents a **significant competitive advantage in the labour market**. Companies/organizations that respect the needs of their employees are perceived very positively in the eyes of the public, potential employees and customers. Work-life balance is often part of a coherent CSR<sup>6</sup> (*Corporate Social Responsibility*) concept. Experience shows that work-life balance policies have a positive impact on employees' work performance, increase employee motivation, engagement, and promote faster achievement of corporate goals. It also increases employee loyalty to the company and helps to reduce job changing. This significantly reduces the risk of qualified and experienced employees leaving.

A company can use a number of tools to implement a work-life balance policy. Their selection will depend primarily on the size of the company, production programme, type of activity, but also on the demographic and gender structure of employees. In the case of large companies, experts recommend carrying out a **gender audit** before introducing a work-life balance policy to map not only the needs of employees, but also the work environment and corporate culture, and then find the most appropriate work-life balance tools for the company.

The most commonly used work-life balance tools include:

- flexible forms of jobs, especially part-time jobs,
- shared jobs,
- flexible working hours scheme,
- home office,
- corporate kindergartens, holiday programmes for children,
- support for women and men on maternity leave,
- pro-family HR policy.

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<sup>6</sup> Corporate Social Responsibility (CSR) is the voluntary integration of social and environmental considerations into business processes.

The use of flexible forms of employment is affected by a number of factors. Experience shows that the greatest **obstacle to** the introduction of flexible jobs or flexible working hours is the very **nature of the work** (e.g., shift work at a production line, work in a shop with a given opening time). One of the few options that can be used for these types of work is the individual agreement with the manager and the possibility to work only in some shifts so that the employee can cover child care (together with the use of pre-school facilities or alternate care with a partner).

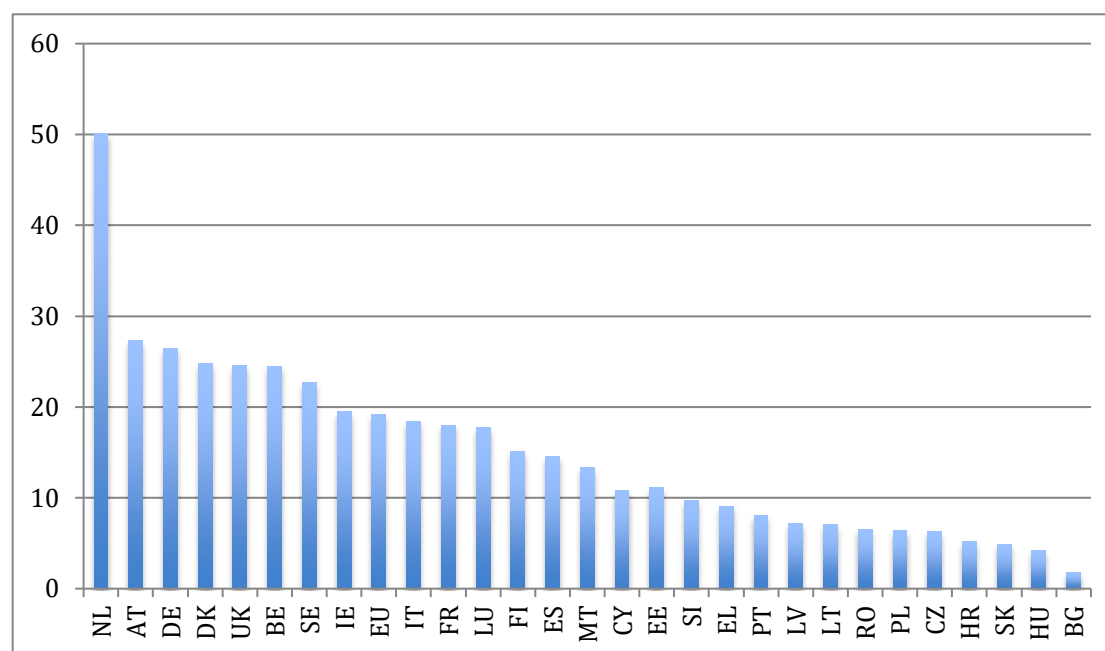
Another factor is the **size of the company**. In general, the larger the business, the more different forms of flexible employment and work organization it offers. Experience also shows that the smaller the company, the larger the share of employees taking advantage of flexible working hours. This is mainly due to the fact that smaller businesses are not so 'tied' by the set business processes and employee productivity can be better controlled.

An important factor affecting the supply of flexible forms of jobs is the **origin of a company**. Foreign companies that come to the Czech market from Western Europe, for example, where flexible forms of employment are widespread and have a long tradition, consider their use as a common part of personnel policy.

### ***Part-time jobs***

One of the important indicators of labour market flexibility is the number of part-time workers. Part-time work is also an effective tool for work-life balance, especially for women taking care of young children.

Figure 2.14 Share of part-time workers in EU countries (2018, expressed as % of total employment, group aged 15-64)



Source: Eurostat; own processing.

Notes: NL - Netherlands, AT - Austria, DE - Germany, DK - Denmark, UK - United Kingdom, BE - Belgium, SE - Sweden, IE - Ireland, EU - European Union, IT - Italy, FR - France, LU - Luxembourg, FI - Finland, ES - Spain, MT - Malta, CY - Cyprus, EE - Estonia, SI - Slovenia, EL - Greece, PT - Portugal, LV - Latvia, LT - Lithuania, RO - Romania, PL - Poland, CZ - Czech Republic, HR - Croatia, SK - Slovakia, HU - Hungary, BG - Bulgaria.

The use of part-time jobs varies widely across EU countries. While more than half (50.1%) of employees work part-time in the Netherlands, in Bulgaria only 1.8%. It is also clear from Figure 2.14 that part-time work is much more common in the original EU countries than in the new Member States (the use of part-time work as effective flexibility instruments has no long-term tradition here). Overall, the situation in this area did not change significantly in the last decade, with only a slight increase in the use of part-time work on average. This also applies to the Czech Republic. While 4.8% of employees worked part-time in the Czech Republic in 2009, it was 6.3% in 2018. The Czech Republic has long been one of the countries where part-time work is minimal. The situation within the European Union is worse in only four countries, namely Croatia, Slovakia, Hungary and Bulgaria.

Part-time work is much more often performed by women than by men (see Table 2.6).



Table 2.6 Share of part-time employees - gender perspective (Q1 of 2019, in %)

Indicator	European Union	Czech Republic
Share of part-time employees	19.3	6.5
Percentage of women working part-time	31.5	10.9
Percentage of men working part-time	8.7	2.9

Source: Eurostat; own processing.

It can be stated that **part-time work as a work-life balance tool is under-utilized in the Czech Republic.**

### *Job sharing*

*Job sharing* is another effective work-life balance tool. It is a flexible form of work organization where more people (usually two) work part-time in one job which is usually performed by one full-time worker. Employees agree among themselves to cover all working hours. Pay or benefits are then divided between them according to the hours worked. In practice, the most common division is 4 + 4 or 6 + 2 hours a day, 3 and 2 days a week alternating every other week or two weeks. However, this form of work organization has its advantages and disadvantages.

**Advantages** of job sharing include:

- Good substitutability, for example, in the case of holidays or illness of one of the two; there is no transfer of work to other colleagues from the workplace.
- Securing the job in the event that one employee decides to leave the company. There is still a second employee who knows the job and can participate in the training of a new employee.
- The possibility of double checking for important documents (e.g., invoices) leads to elimination of errors; possibility of feedback (employees inform each other on the fulfilment of tasks), greater variability of solution (discussion of possible procedures).
- Lower workplace equipment costs - one equipment for two or more employees sharing a job (e.g., one computer, one workbench).

- Close cooperation (information sharing, mutual communication, joint fulfilment of tasks in the job, etc.) can lead to better work results and better performance than in the case of regular job.

However, job sharing also has some **disadvantages**:

- Especially in the initial phase it is more difficult to set up competencies and a system of communication between employees who share the job.
- Increased risk of losing data shared by the employees. This is usually the result of insufficient communication (or incorrectly set communication channels).
- Maintaining the workplace can also be challenging. It is necessary to choose a uniform style of sorting and storing documents, a uniform style of work and communication with other employees. It is necessary to divide the competences and powers precisely so that co-workers know who they can turn to in certain matters or to avoid duplication of work. It is absolutely necessary for the employees sharing the job to cooperate and communicate in order to have a mutual overview of what each of them has done (so that they can provide colleagues with up-to-date information, act in a uniform way when dealing with customers, etc.).
- Greater demands on work organization and management by the direct supervisor. A manager must manage and lead two or more employees in connection with one job. This brings more organizational problems (division of responsibilities), increased administrative burden associated with more jobs, etc.
- The disadvantage for employees is also low pay (depending on the share of work in a shared job) and hence low contribution to health and social insurance, from which sickness benefits or pensions are subsequently calculated.

**Job sharing is not very widespread** in the Czech Republic. Only around 7% of businesses offered job sharing in 2015. Abroad, the offer of shared jobs is greater, for example, about 20% of companies offer job sharing in Germany and even around 50% of companies in the UK (Fleximetr, 2015).

**Job sharing is not yet legally enshrined in the Labour Code.** This may also be the reason for lower interest from employers. However, companies have to overcome many other pitfalls in practice. In addition to the increased administrative burden, it can be

quite difficult to find persons complementing each other among those who are interested in a shared job. They should be likeable to each other and 'fit' as well as have the level of required skills as similar as possible. These are the basic prerequisites for efficient job sharing.

Despite these shortcomings, job sharing is **an appropriate work-life balance tool**. It is another way to accommodate employees who want to better balance their work and family life, especially the care of young children or grandparents. As a result, it leads to greater employee satisfaction and increased employee loyalty to the company.

### *Home office*

*Home office* is another suitable tool of work-life balance. It is a form of flexible employment where the employer allows the employee to work from home. This form of cooperation is largely based on mutual trust between the employee and the employer. It is a relatively new form of employment that is made possible by the development of information and communication technology.

However, working from home is only suitable for some professions and jobs where daily presence at the workplace is not necessary. Home office is the most widespread with IT staff; it is widely used in jobs that are associated with independent creative work, in administration, but also in light manual work that can be done outside the company. In general, home office is mainly used by employees with higher education and qualifications and thus usually with a better position in the company.

Even this form of flexible employment has its **advantages** and **disadvantages**. It places increased demands especially on the organization of **employees'** work. The basis is a responsible approach and good time management. It is advisable to divide the work into individual tasks and to correctly plan the time needed to complete them and to submit the whole work. Higher demands on organizing work tasks and a responsible approach to their realization are balanced by greater freedom to decide when an employee will perform the work - whether on weekdays or weekends. It is crucial to deliver quality work within the set deadline. One of the benefits for employees is also the time savings that arise from the elimination of daily commuting to work. On the other hand, home office may not suit everyone - it depends on the nature of the employee. On the other hand, someone seeks social contact and performs better in the work team and in the daily hustle and bustle.

For an **employer**, the use of home office may result in lower employee costs that are otherwise associated with his or her stay in the workplace. In reality, the willingness to provide employees with this benefit is relatively low. The main reason seems to be the restriction of the employee's work control and insufficient legislation. However, the great constraint stems from the very nature of this form of employment, which is suitable only for certain jobs. The labour market is dominated by professions where presence in the workplace is necessary (production, services).

### Research by LMC

LMC published the results of a research into the provision of home office in the Czech labour market in March 2019. A total of 1,002 respondents participated in the research and the following conclusions emerged:

- **20% of employees can sometimes work from home,**
  - of which 51% have no fixed number of days for taking home office,
  - and 77% of employees are not controlled by their manager who trusts them; the quality of the work is decisive, not the number of hours spent on work.
- 20% of employees would welcome home office.
- 15% of employees would even prefer home office to a 10% salary increase.
- Home office is mostly used by university students, people aged 25–34.
- On the other hand, people with basic education or apprenticeship certificate use home office the least (only 1 in 10).
- Employees use home office not only for private reasons, as a tool of work-life balance (they rush to school for parents' evening, need to visit the authorities, leave for holiday), but also to **work hard** undisturbed.
- **Flexibility** (an employee takes it when he or she really needs it) and **trust** (a boss trusts his employee) are important for a functioning home office.

Source: LMC (2019).

In relation to the legal framework, **home office is not yet directly defined by the Labour Code** (Act No 262/2006 Coll., as amended). At present, the specific regime for home workers is contained in Section 317 of the Labour Code, but does not contain all the possibilities offered by home office.

The Labour Code also regulates the remuneration of a home employee. Such an employee may be paid piecework pay, standard or hourly wage for the work performed. However, he is not entitled to wage compensation, compensatory leave or holiday pay, or wage or compensatory leave for working overtime.

Home workers are also covered by the provisions on occupational safety and health, including the employer's obligations in respect of accidents at work. This is despite the fact that they do not work at the workplace of the employer and under his constant control.

### **Flexible working hours scheme**

Flexible working hours are laid down in Section 85 of the Labour Code.

*'Section 85*

*(1) Flexible working hours scheme consists of bands of core time and flexi-time; the beginning and the end of these time bands are determined by the employer.*

*(2) An employee is obliged to be at his workplace during the determined core time.*

*(3) Within flexible working hours an employee can choose the start and the end of his working time. A total shift length may not exceed 12 hours.'*

In practice, the core time is most often set in the middle of total working time. However, it can also be set at the beginning or end, depending on the needs and requirements of the employer. With flexible working hours, the average weekly working time must be achieved within the compensatory period set by the employer, but no later than in 26 weeks (or 52 weeks if agreed in the collective agreement).

**The advantage for employees** in this case is the simple adaptation of the beginning or end of working hours without the need to request exceptions from your manager. In addition, the flexible working hours scheme makes it possible to eliminate late arrivals that are simply worked up by the employee after the end of the core working hours. Another positive feature is the possibility of choosing working hours according to the physical and mental requirements and needs of the employee (someone is more productive in the morning, someone late in the afternoon).

**For employers, the main advantage** of using flexible working time is that it allows uneven work patterns to be distributed as needed over in the long term. Thus, the employer saves on labour costs that he would have to pay as overtime in standard working hours. On the other hand, a disadvantage may be the employee's absence at the workplace when the presence of the employee is unexpectedly necessary (e.g., possesses the required information, knowledge, skills or know-how).

Flexible working hours also contribute to creating a work-life balance.

### **Corporate kindergartens**

In recent years, businesses have increasingly set up the so-called corporate kindergartens, properly speaking **kindergartens designed to educate employees' children**. The possibility to set up a 'corporate kindergarten' is given by *Act No 561/2004 Coll., on pre-school, basic, secondary, tertiary professional and other*

*education (Education Act), as amended. More specifically, by Act No 472/2011 Coll., which amended the Education Act.*

*'Section 34(8)*

*The founder may designate a kindergarten or its detached workplace to educate the children of the founder or other employer. ...'*

The head teacher decides on admission to a 'corporate kindergarten' on the basis of criteria established by the founder if it is the state, region, municipality or union of municipalities, and in other cases decides on the basis of criteria established by the internal regulation of the legal person performing kindergarten's activities. Thanks to this provision, the **company, as the founder of a 'corporate kindergarten', has the possibility to set its own criteria for the admission of children and thus to prefer to admit the children of his employees.**

Despite certain specifics, 'corporate kindergartens' must meet the same requirements of the Education Act as kindergartens of other founders, private or public. The age limit of three years remains a recommendation (as in the case of other founders). Kindergartens may also accept children under the age of three if they are physically and mentally fit for some form of education.

Establishing a 'corporate kindergarten' is very demanding for businesses, ranging from high administrative burdens, compliance with hygiene regulations and many other requirements to the creation of a strategy for the long-term kindergarten development. It represents a considerable investment for the company. In spite of the problems outlined, companies have become increasingly aware in recent years that they are under-utilizing the potential of women with young children. A certain turn in access to employees-mothers is caused, among other things, by the situation in the labour market for several years, when demand for labour exceeds supply (jobs are created much faster than the amount of free labour). Companies are therefore trying to stabilize their existing employees to a greater extent, besides other things, by expanding the range of employee benefits - the offer of a 'corporate school' is one of them. Benefits are also a good tool to attract and recruit new employees.

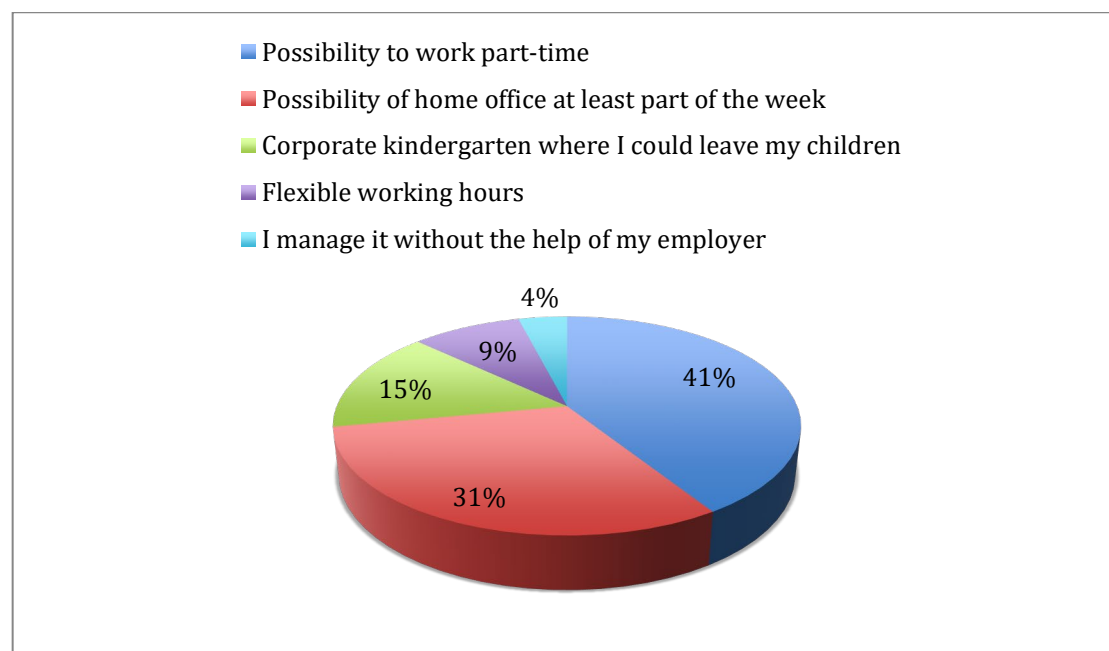
A certain disadvantage of 'corporate kindergartens' is their local limitations. Large companies set up kindergartens near their headquarters, where the largest concentration of employees is. Employees of other branches or more remote workplaces do not have the opportunity to use the 'corporate kindergartens'. A 'corporate kindergarten' would

not pay off and most likely would not be full in the vicinity of branches with a lower number of employees.

•

In addition, the results of a survey conducted by LMC in 2014 in the Czech labour market should be added. The question - *How could your employer help you combine childcare and work?* - was answered by 1,295 respondents as follows (see Figure 2.15.).

Figure 2.15 Tools to support work-life balance preferred by employees in the Czech Republic



Source: LMC (2014); own processing.

## Summary

The position of women-mothers and especially women caring for young children in the labour market is very disadvantageous in the Czech Republic compared to other EU countries. The employment rate of women with young children is one of the lowest, although the Czech Republic has been facing a shortage of workers in recent years. The analysis suggests that the work and intellectual potential of women with young children is not fully exploited. There are a number of reasons for this, but perhaps two are crucial, namely the persistent stereotypes of women's role in society and the lack of use of work-life balance tools.

There are a number of tools to improve the position of women-mothers with young children in the labour market, both on the part of the state and employers. Therefore,

closer cooperation between government, private sector and trade union representatives is desirable in this area.

The state uses a number of instruments to implement family policy, in particular maternity and parental leave, maternity allowance, parental allowance and parental and maternity compensatory allowance. However, a major problem is the **length of maternity and parental leave**, which can last up to four years (one of the longest compared to other EU countries). It is also very common for women to take follow-up maternity and parental leave during next parenthood. They remain outside the labour market for a very long time. With the current rapid changes in business (new technologies, manufacturing processes, changes in management systems, changes in the nature of jobs and requirements for employees, etc.), **women-mothers often do not have the required competences** (knowledge and skills), their expertise is outdated and does not meet current requirements. Another problem is the **lack of pre-school facilities** and related social services that would be affordable to most families. The combination of both factors makes it very difficult to return to the labour market.

In the business sector, the **lack of flexible forms of employment** has so far proved to be the biggest problem, although the situation has improved slightly, especially in the last few years.

Nowadays, when there are many more vacancies in the Czech labour market than job seekers (there were 366,563 vacancies and 205,120 job seekers in July 2019 according to the Labour Office), companies are trying to stabilize their employees, keep talented individuals and attract new employees. In addition to higher wages, recruitment allowances, a wide range of benefits, educational opportunities and career growth, alternative forms of employment (part-time job, shared jobs, home office, etc.) are particularly important tools to achieve this. Many businesses are also more aware of the 'hidden' and still under-utilized work potential of women-mothers. Especially large companies set up their own kindergartens and create special programmes aimed at keeping in touch (social, working) with their employees during their maternity or parental leave and then facilitate their return to work (to labour market).

Experience has shown that greater **flexibility is associated with higher labour productivity**. However, **new flexible forms of employment in the Czech Republic are not yet sufficiently legally defined** and enshrined in the Labour Code.



### 3. Age discrimination in the labour market

In addition to gender discrimination, age discrimination also very often occurs in the labour market and in employment relations. People aged 50 and more, as well as young people, especially graduates, have disadvantaged status.

#### 3.1 Older workers in the labour market

The status of older workers (group aged 55-64 is statistically monitored) is specific in the labour market. It can be assumed that due to demographic change and the sustainability of European social systems, **the importance of this age group in labour markets will gradually increase**. A strong population, born in the 1950s, gradually grows into the retirement age in European countries. This, together with lower birth rates and longer life expectancy, has significant economic, social and political implications.

Long-term demographic predictions show that the total working-age population (15-64 years) will decline by about 20.8 million in 2005-2030. At the same time, the number of individuals aged 80 and more will grow significantly (by up to 57.1%). This means that around 12.6 million more people aged 80 and more will live in Europe (EC 2012). Obviously, this will place far greater demands on health and social services.

##### 3.1.1 Development of employment of older workers in EU countries

The *Europe 2020 Strategy* therefore includes the concept of *active aging*. In particular, **active aging at work** is an important prerequisite for achieving one of the main strategic objectives of EU economic policy - achieving a 75% employment rate in the EU by 2020.

Member States should thus focus primarily on creating the conditions for employing older workers and finding ways to overcome the structural and behavioural barriers that prevent it. Two things are important in this context: abandoning early retirement programmes (which may act as a tool to reduce unemployment in the short term, but are harmful in the long term as they increase the dependence of a certain age and social group on the state) and **creating effective lifelong learning systems**. The retirement age, which is gradually increasing in all Member States, will also have a significant impact.

Table 3.1 Development of average retirement age in EU countries

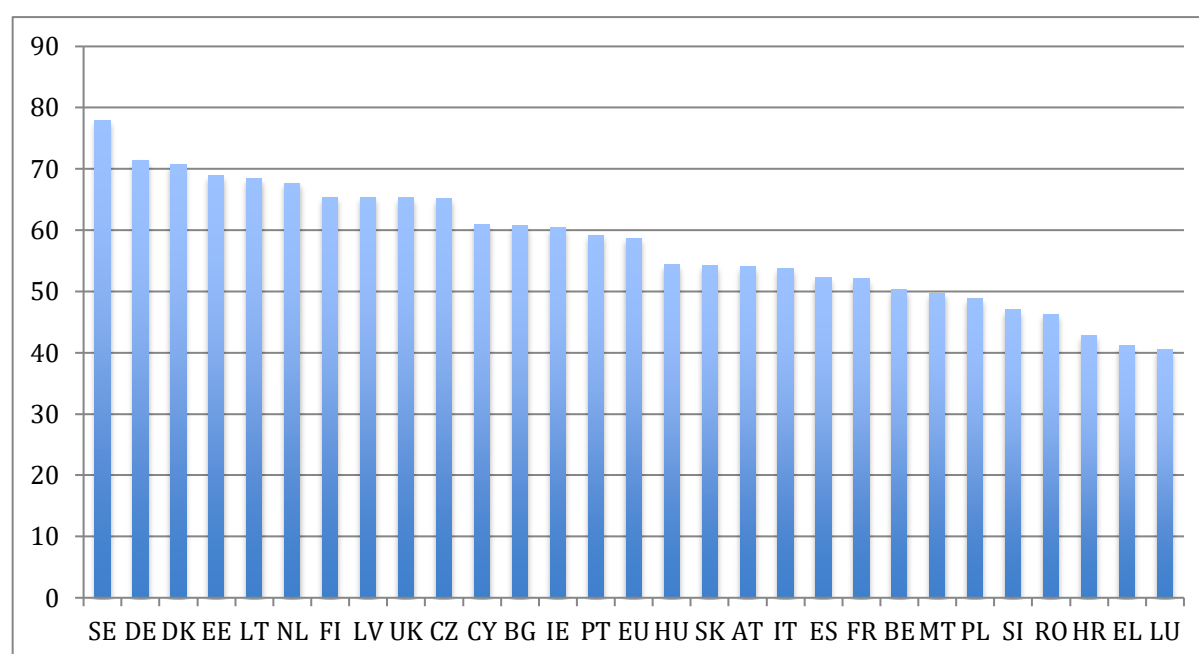
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018
Men	63.55	63.64	63.71	63.78	64.96	64.05	64.14	64.21	64.28
Women	61.91	62.13	62.34	62.51	62.77	62.97	63.18	63.31	63.44

Source: [https://tradingeconomics.com/european-union/retirement-age-men / women](https://tradingeconomics.com/european-union/retirement-age-men/women).

While the average retirement age in the EU countries was less than 60 in 2001, it is now approaching 64. Due to the sustainability of pension systems, the age limit will continue to increase in the following years (e.g., to more than 68 years in 2030 in Denmark, similarly in Ireland or Britain). The retirement age in the Czech Republic is currently 63.4 years of age on average and should increase to 65 by 2036. The differences between countries are considerable, both in terms of the increase in the retirement age and in the setting of the age limit (5-6 years difference).

The **employment rate** is a key indicator of older workers' participation in the labour market, as it shows how countries are able to exploit the potential of this working age group (see Figure 3.1).

Figure 3.1 Employment rate of older workers (aged 55-64) in EU countries (2018, in %)



Source: Eurostat; own processing.

Notes: SE - Sweden, DE - Germany, DK - Denmark, EE - Estonia, LT - Lithuania, NL - Netherlands, FI - Finland, LV - Latvia, UK - United Kingdom, CZ - Czech Republic, CY - Cyprus, BG - Bulgaria, IE - Ireland, PT - Portugal, EU - European Union, HU - Hungary, SK - Slovakia, AT - Austria, IT - Italy, ES

- Spain, FR - France, BE - Belgium, MT - Malta, PL - Poland, SI - Slovenia, RO - Romania, HR - Croatia, EL - Greece, U - Luxembourg.

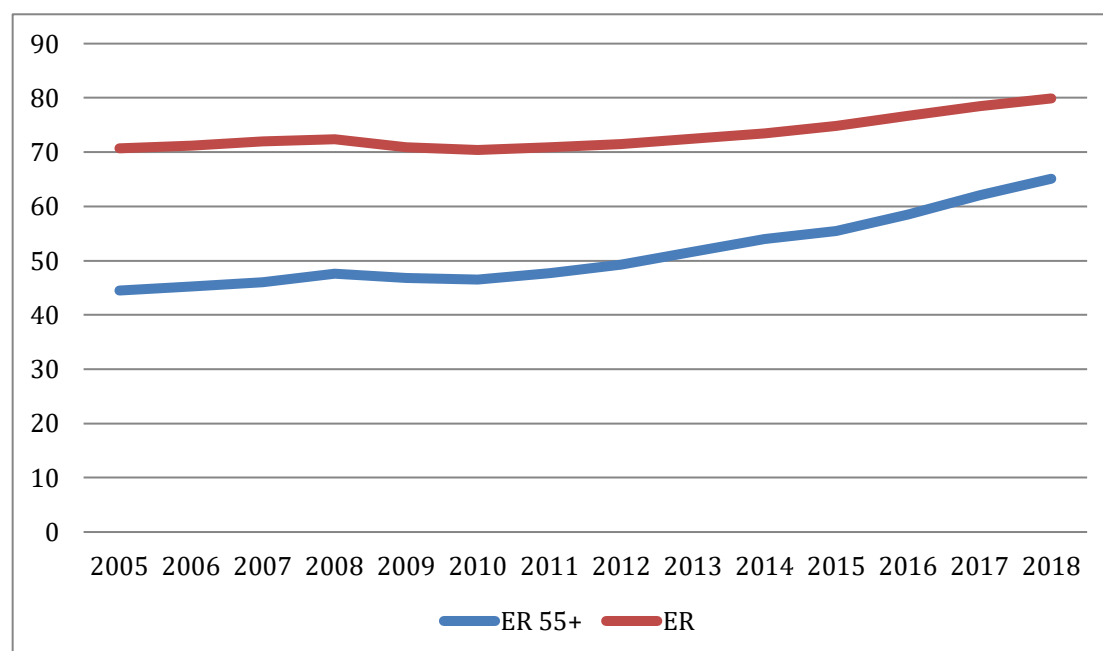
As Figure 3.1 shows, the differences in the above indicator across the EU are large - the difference between Sweden and Luxembourg is 37.4 pp! The highest participation rate of older workers in the labour market is in Sweden (77.8%), with over 70% employment in two countries, Germany and Denmark. The employment rate in the Czech Republic for people aged 55 and more is 65.1%, above the EU average of 58.7%. The lowest employment rate (40%) of persons aged 55+ oscillates in Croatia, Greece and Luxembourg (but there is a specific situation here). The results for the Czech Republic resulting from the above comparison are among the better ones, however, given the good condition of the Czech economy in recent years, it can be stated that the **Czech Republic does not make sufficient use of the potential of older workers.**

In the long term, the employment rate of older people in the European Union is increasing (in line with demographic trends). While it was 42.1% in 2005, it was 58.7% in 2018. However, it should be borne in mind that the indicator in question develops at different rates in different countries and depending on the condition of the economy. As example in Greece which is also the only EU country where there has been a slight decrease in the employment rate of older workers from 2005 to the present, from 42% in 2005 to 41.1% in 2018. The largest decline occurred in 2011-2014, when Greece was facing the widespread consequences of the crisis; we can again see an increase in the participation of older workers in the labour market since 2015 (growth in the employment rate).

### **3.1.2 Older workers in the Czech labour market**

One of the main objectives contained in the *National Reform Programme of the Czech Republic* is to increase the employment rate of older people (aged 55–64) to 55% by 2020. The Czech Republic achieved this goal as early as in 2015, when the employment rate of older persons rose to 55.5% and continued to increase in the following years, up to 65.1% in 2018.

Figure 3.2 Employment rate of older workers (aged 55–64) in the Czech labour market in comparison with the general employment rate



Source: Eurostat; own processing.

As shown in Figure 3.2, the **employment rate of older persons in the Czech Republic has been rising in the long term**. The employment rate, in particular the employment rate of older workers, affects the overall economic development. The employment rate of persons aged 55+ is more volatile, i.e., it responds more sensitively to fluctuations in the economy (crisis, recession, rapid growth). This is also evident from the above diagram - since the end of 2014, with the general economic growth, both the general employment rate and especially the employment rate of older workers have increased. The most recent data show that the year-on-year increase (compared to 2018 and 2017) showed the highest increase in the employment rate, especially in older persons, in groups aged 55-59 (by 2.6 pp to 82.6%) and 60-64 years (by 4.1 pp to 33.9%).

Growth of the importance of older workers in the Czech labour market is also confirmed by statistics from the last year (CZSO). For example, data for the first quarter of 2018 show that the number of persons employed in the main job increased by 89,000 (1.7%) year on year, but the number of workers under 40 years of age decreased (by 36,600) and the number of working persons aged 40-54 increased significantly (by 70,400).

The aging trend is even more pronounced among entrepreneurs (employers), as shown in Table 3.2.

Table 3.2 Development of the number of entrepreneurs in the Czech Republic in 2010–2017 by age group

Indicator	Number of entrepreneurs with/without employees (2017)	Increase/decrease 2017/2017	
	in thousands	in thousands	in %
<b>Total</b>	893.9	28.1	3.2
<b>Aged 29 and less</b>	75.8	-19.6	-20.5
<b>Aged 30-34</b>	86.4	-29.9	-25.7
<b>Aged 35-39</b>	117.6	-15.8	-11.9
<b>Aged 40-44</b>	152.8	34.6	<b>29.2</b>
<b>Aged 45-49</b>	131.0	2.0	1.5
<b>Aged 50-54</b>	119.8	10.3	<b>9.4</b>
<b>Aged 55-59</b>	94.1	5.2	5.9
<b>Aged 60-64</b>	67.9	22.8	<b>50.4</b>
<b>Aged 65 and more</b>	48.6	18.4	<b>61.1</b>

Source: CZSO (2018b); adjusted.

The **share of entrepreneurs in the group aged 60 and more** increased (by 41,200 in total) in the Czech labour market in 2010–2017. There was also a large increase in the number of entrepreneurs in the group aged 40–44 (among other things, due to high birth rates in the 1970s). However, development in the group aged 40 and less was quite different, as the number of entrepreneurs decreased significantly (by 65,300) in the period under review.

**Despite this positive trend, people aged 50+ still make up the largest group of job seekers.**

Based on statistical data (Eurostat, CZSO) as well as available results of a number of surveys focused on the position of older persons in the Czech labour market (e.g., research carried out by Alternativa 50+), the **following findings** can be defined:

- The employment rate of older persons in the Czech labour market has been increasing in the long term due to demographic development.

- The employment rate of older persons in the Czech labour market has been growing significantly since the end of 2015, with the economic recovery and the rapid growth of the Czech economy.
- There is a significant increase in the number of entrepreneurs (with or without employees) over 50, 60 and 65 years in the Czech Republic!
- It is more difficult to find a new job at the age of 55+. People of this age group are the most frequent job seekers and are also more affected by long-term unemployment.
- Unemployment and long-term unemployment are then very often the reason for early retirement (particularly apparent in physically demanding professions and in individuals with lower levels of education or education not required in the labour market).
- There are large differences between regions (Prague and Central Bohemia vs. Moravian-Silesian and Ústí nad Labem Regions, border regions and small municipalities). The structure of the economy in a given region affects job creation as well as suitable job opportunities.
- The problem of finding a suitable job is not only due to age and related health problems. An important barrier may also be the absence or very low level of computer control, lack of language skills, unwillingness to further educate.
- Psychological aspect. Older people take failure worse than younger individuals. Therefore, the unsuccessful interview demotivates them much more, so they are only sporadically participating in tenders. They also tend to underestimate themselves more.

## Summary

People over the age of 50 are an integral part of the labour market, and given the demographic trend, it can be assumed that their position in the labour market will strengthen in the future.

The Czech Republic has focused on the group of job seekers older than 50 years within the framework of an active employment policy. Support for employment of this age group is one of the priorities of the Ministry of Labour and Social Affairs of the Czech Republic.

For example, the Labour Office of the Czech Republic is currently implementing the *POVEZ II project* aimed at supporting lifelong learning. As part of this project, employers can receive financial contributions to increase the expertise and skills of their current and future employees. The funds are targeted at all ages; primarily to support employees aged 54 and more. The aim of the project is to strengthen the competitiveness and adaptability of companies by increasing the level of human capital of their employees (especially professional competencies).

In addition, projects aiming at maximizing the active participation of people aged 50 and more in the labour market and addressing the issue in a comprehensive way are implemented in a number of regions using the *European Social Fund* (ESF) programmes (e.g., Šance pro padesátníky in the Pilsen Region, Aktivní v padesáti in the Hradec Králové Region, 50 PLUS in the South Moravian Region, Podpora zaměstnanosti osob 50+ in the Moravian-Silesian Region).

Employment of people in pre-retirement age is also supported by the Labour Office of the Czech Republic through classical *tools of active employment policy*, such as retraining, individual counselling, community service, business start-up allowance or contributions to setting up or reserving a socially useful job.

Despite some improvements, employment is hindered by certain concerns on the part of the employer, caused mainly by the prevailing stereotypes in society that older people are not able to learn new things, do not master technological progress, do not speak foreign languages, are slower and have problems with adapting to new conditions. A number of surveys show that the same conclusions apply to older workers as to any other age group, namely that the ability to find a job in the labour market, master technology, be flexible, etc. is not affected primarily by age, but by educational attainment, willingness to educate themselves, overall personality and internal motivation of the individual.

Compared to younger age groups, older employees can offer their employer rich professional and life experience, have grown-up children and can therefore work more intensively, thus being more flexible in terms of time, they often have contacts with other professionals in the field. Moreover, they usually have realistic requirements and are highly loyal to their employer.

## 3.2 Young workers in the labour market

Youth unemployment is a very serious problem in every society, not only economic but also social. Its accompanying phenomenon is higher crime rate, drug addiction, depression. It includes disappointment that may turn into apathy or result in anger and violence. In the context of the last financial crisis and the subsequent recession (2008-2014), the young generation has even begun to be referred to as the ‘lost generation’ or ‘*NEET*’ (Not in Education, Employment, or Training) - people who neither work nor study. It is no coincidence that this apt phrase began to be used in Spain, where the youth unemployment rate exceeded 50%.

### 3.2.1 Employment of young people in the European labour market

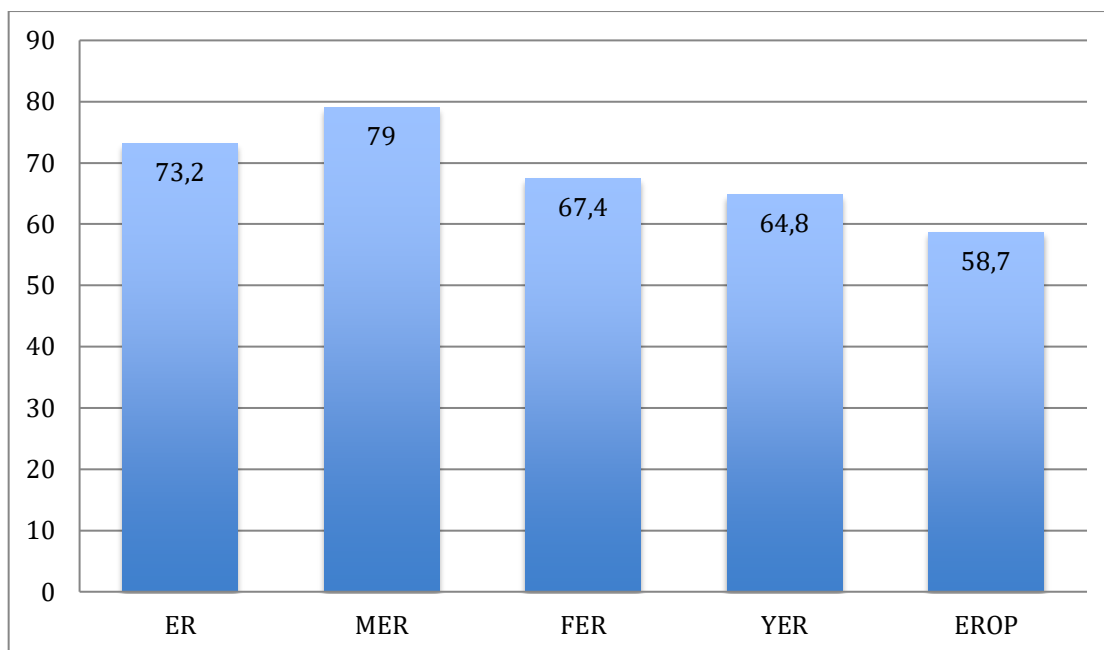
The issue of youth employment (group aged 15-24 is statistically monitored) receives increased attention within the European Union. It was **young people who were most affected by the financial crisis of 2008 and the subsequent stagnation of the economy.**

The European Commission took extraordinary measures in response to the rapid rise in youth unemployment. It presented the *Youth Opportunity* initiative in December 2011 (EC, 2011), which included measures to reduce unemployment; it was methodically based on the flagship initiative *Youth on the Move*, part of the *Europe 2020 Strategy*. This key initiative aims to enhance the quality and international attractiveness of the European higher education system by promoting the mobility of students and young professionals. To improve quality at all levels of education, further enhance mutual recognition of professional qualifications and experience. As a result, all measures should lead to **higher qualifications** for a greater number of young people and **strengthen their mobility and employability.**

The youth employment rate in the European Union averaged 64.8% in 2018. The differences between countries are large, ranging from 77.4% in the Netherlands to 43.4% in Italy. The youth employment rate in the Czech Republic was above-average 66.4% in 2018.

Figure 3.3 Comparison of employment rates of population groups under review in 2018 (EU average, in %)



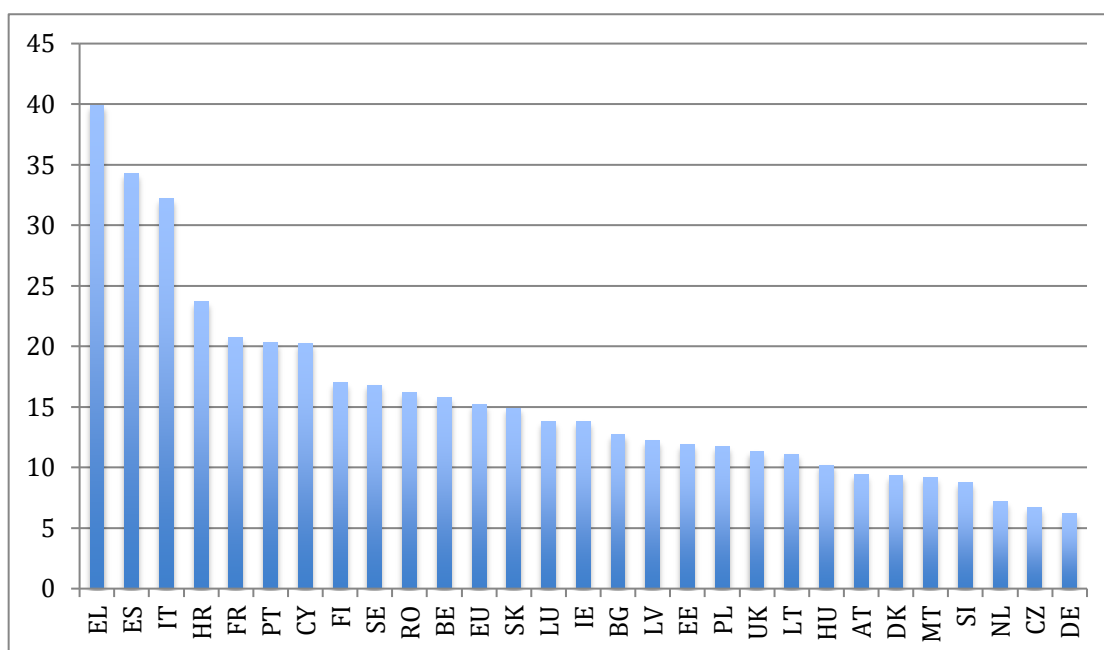


Source: Own processing.

Notes: ER - employment rate (20-64 years), MER - male employment rate, FER - female employment rate, YER (20-29 years) - youth employment rate, EROP (55-64 years) - employment rate of older persons.

As the figure shows, the labour market fails to make full use of the work potential of women, young people and older persons. However, the *youth employment rate* indicator is not entirely accurate as many young people study at this age and this is reflected in the indicator. It is therefore more appropriate to monitor the unemployment rate in relation to this age group (see Figure 3.4).

Figure 3.4 Youth employment rate (aged 15-24) in EU countries in 2018 (in %)



Source: Own processing.

*Notes: EL - Greece, ES - Spain, IT - Italy, HR - Croatia, FR - France, PT - Portugal, CY - Cyprus, FI - Finland, SE - Sweden, RO - Romania, BE - Belgium, EU - European Union, SK - Slovakia, LU - Luxembourg, IE - Ireland, BG - Bulgaria, LV - Latvia, EE - Estonia, PL - Poland, UK - United Kingdom, LT - Lithuania, HU - Hungary, AT - Austria, DK - Denmark, MT - Malta, SI - Slovenia, NL - Netherlands, CZ - Czech Republic, DE - Germany.*

Figure 3.4 shows that youth unemployment is still a serious problem, especially in the Southern European countries, which have not been able to solve the consequences of the crisis in the labour market in the long term. The worst situation is, despite some improvement, in Greece, where nearly 40% of young people are affected by unemployment (it was over 50% in 2014, meaning that every second young person was unemployed). A similar situation was also in Spain in 2014, which managed to reduce the youth unemployment rate to 34.3% in 2018. However, this result is by no means a cause for joy. One third of young people in the Spanish labour market do not find employment and the same applies to Italy. It is also worth pointing out the seriousness of the situation in France, where the youth unemployment rate is currently over 20%, as in 2014 - signalling serious problems in France's economy. The main causes of the severe situation in southern Europe are at least two: failure to respect the theory of optimal monetary area in the creation of the euro area and errors in the implementation of country's economic policies, which then adversely affect labour markets (increasing debt, inflexible labour law, employee protection is too high, increasing labour costs). The lowest youth unemployment rate is currently in Germany, the Czech Republic and the Netherlands.

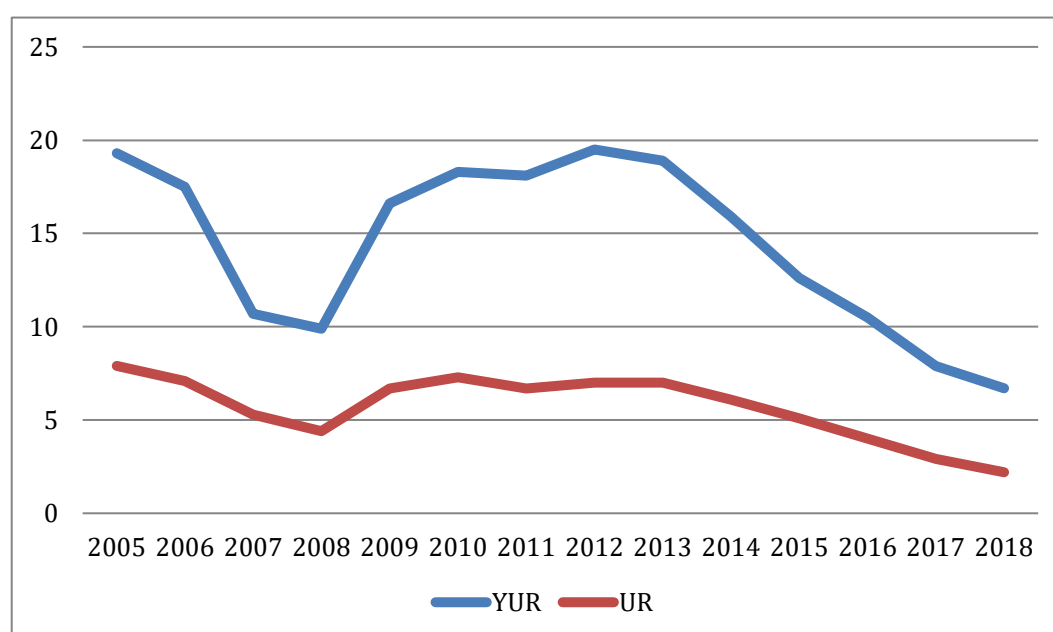
In the long term, youth unemployment rates are low particularly in countries with the so-called **dual education**, which is based on a close link between education and practice. Typical examples are Germany, the Netherlands, Austria and Denmark. The dual education concept has quite successfully protected young people from losing their jobs during the last economic recession. In 2014 (before the economic recovery later that year), the lowest unemployment rate within the EU was in the above-mentioned countries (below 10% in Germany, Austria and the Netherlands, slightly above this level in Denmark; EU average 22%).

### 3.2.2 Youth and graduates in the Czech labour market

The impact of the crisis and recession on young people in the Czech Republic - within EU countries - was not so devastating (below the EU average). However, it was much more pronounced than in countries with dual education system. The youth

unemployment rate rose to 16.7% in 2014. The current very low level of this indicator is the result of several years of economic growth and a lack of free (and appropriate) labour in the labour market. It is also necessary to point out that the Czech economy is very closely linked to the German economy and generally depends very much on the condition of the European market (including the euro area market), as the Czech Republic exports approximately 84% of all goods to EU countries.

Figure 3.5 Comparison of the development of youth unemployment rate (aged 15-24) and general unemployment rate (aged 17-74) in the Czech Republic (in %)



Source: Own processing

Notes: YUR - youth unemployment rate, UR - unemployment rate.

The youth unemployment rate in the Czech Republic is also higher than the general unemployment rate in the long term and is significantly affected by economic development (see Figure 3.5). Since 2008, when the effects of the crisis began to be felt in the labour market, there was a clear increase in youth unemployment. It declined with the economic recovery in 2014. Currently, the youth unemployment rate is the lowest in the last twenty years; it was 6.7% in 2018.

### Graduates in the labour market

Graduates are a specific group of young people in the labour market. For the purposes of statistical monitoring, a graduate is a *'job applicant, who is registered with the Labour Office by place of permanent residence on a specific date (30 April or 30*

*September of a given year), and the period since successful completion of his studies did not exceed 2 years’ (www.mpsv.cz).*

Act No 262/2006 Coll., the Labour Code, as amended, stipulates the employer’s obligation to *‘arrange for graduates of secondary schools, conservatoires, higher vocational schools and universities adequate professional practice for acquisition of practical experience and skills required for performance of work; professional practice shall be considered as performance of work for which an employee is entitled to wage or salary’* (Section 229).

Graduates are among the most risky groups and often find themselves in the labour market with great difficulties. The unemployment rate of this group of people is significantly affected not only by the economic cycle, but also by the study focus (field of study) and, above all, the level of education attained.

Table 3.3 Unemployment rate of graduates by education category

Category of education	Number of graduates (2018)	Number of unemployed graduates (April 2019)	Unemployment rate of graduates in % (April 2019)	Comparison with April 2018
Secondary vocational with apprenticeship certificate - H*	17,910	617	3.7	-0.7 pp
Lower secondary vocational education - E**	2,365	181	7.7	-1.1 pp
Secondary vocational with ME and vocational training - L/O	3,277	155	4.7	0.1 pp
Follow-up study - L/S	1,610	73	4.5	- 0.8 pp
Secondary vocational with ME - M	27,536	1,039	3.8	0.0 pp
Grammar school - K	20,278	277	1.4	-0.2 pp
Higher vocational education - N	3,168	61	1.9	0.1 pp

Source: <https://infoabsolvent.cz/Temata/ClanekAbsolventi/5-1-04/Nezamestnanost-absolventu/12>.

Notes: \* Training in fields of vocational education. \*\* Fields of lower education. ME - maturita exam (secondary school exit exam).

The table shows that graduates of the ‘classical categories of education’ have better employment in the labour market. **Low unemployment rates** are reported for graduates of *higher vocational education* (1.9%, a slight year-on-year increase of 0.1 pp),

*secondary vocational education with apprenticeship certificate* (3.7%, drop by 0.7 pp) and *secondary vocational education with ME* (3.8%, increase by 0.03 pp). On the other hand, *graduates with lower education level* (7.7%, but with the highest year-on-year decrease in unemployment - by 1.1 pp) are the **worst performing** in the labour market.

Traditionally the lowest unemployment rate is achieved by *grammar school graduates* (1.4%); however, it should be noted that the vast majority of them continue their studies at universities.

If we look at the evolution of the unemployment rate of these groups of graduates between April 2016 and April 2019, the several-year decline in the unemployment rate (for all categories) has come to a stop. The data for April 2019 show a slight increase in unemployment among graduates of secondary vocational education with matura exam and vocational training - L/O, secondary vocational education with matura - M and higher vocational education. However, this is only a slight increase from which no major conclusions can be drawn. **In the long term, the demand for training and secondary vocational school graduates in the Czech labour market has been high, and demand exceeds supply in many regions.**

#### University graduates

The Czech Republic is one of the countries with **a lower number of university graduates in the EU**. It is a key indicator of the level of human capital in a company. The *Europe 2020 strategy* defines as one of the goals achieving a 40% share of university educated people in the society (persons aged 30-34 are statistically monitored).

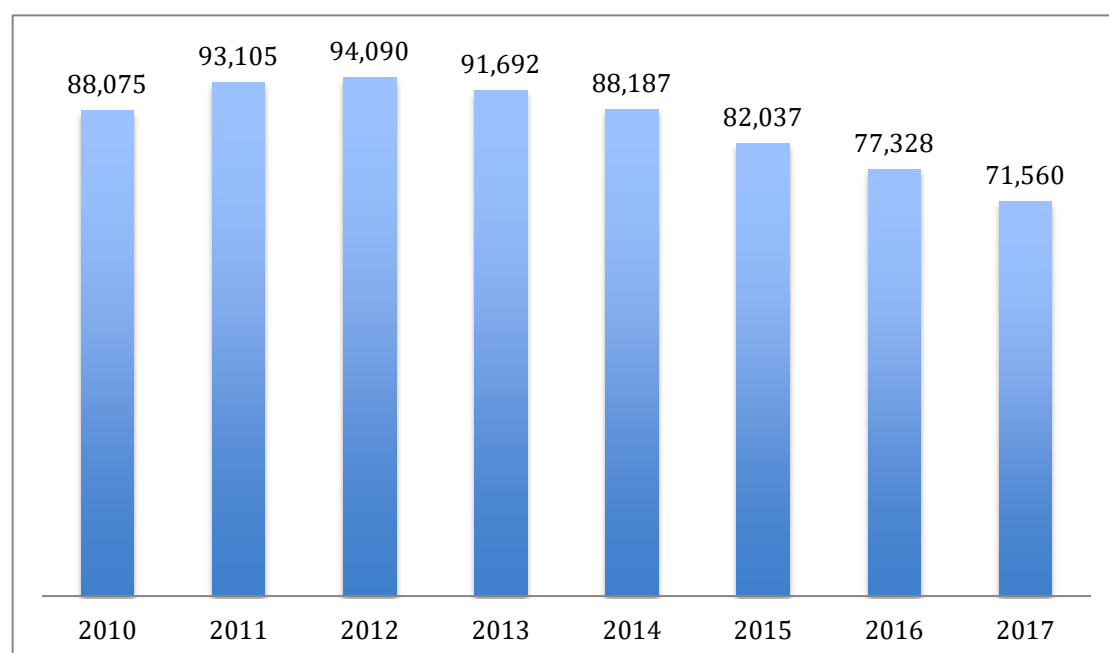
There were 33.7% of university students in the Czech Republic in 2018; the EU average was 40.7%. Lithuania and Luxembourg (57.6 and 56.3%) have the largest share of university-educated population, while Romania and Italy have the lowest rates (24.6 and 27.8%).

It is worth noting that **in the Czech Republic, the low unemployment rate of university graduates is not accompanied by a high employment rate**, as in the EU. The unemployment rate of university graduates in the Czech Republic fell to 1.2% in 2017 (the EU average was 5%) and the employment rate reached 79.8% (84.4% in the EU). **A high share of university graduates remains inactive, although companies suffer from labour shortages.** This situation is probably related to the length of

maternity leave and its financial security. Another reason is the fact that it is not convenient for graduates without work experience to register with the Labour Office and there is also a mismatch between demand and supply in terms of the subject structure of graduates. The available jobs therefore often do not meet the expectations of graduates.

The **number of university graduates has been decreasing in recent years** as a result of the decline in the birth rate in the 1990s, which was due to increasing uncertainty in a society undergoing political and economic restructuring.

Figure 3.6 Development of the number of university graduates in the Czech Republic



Source: CZSO; own processing.

**In the long term, the greatest interest has been in the fields of** Business and Administration (12,518 graduates), Social Sciences (7,418 graduates), Engineering (6,284 graduates), Health Care (5,494 graduates) and Education (5,370 graduates). The numbers of graduates refer to 2017.

The case of university graduates in **terms of gender** is also interesting. The number of female university graduates increased by 270,000 and male university graduates by 164,000 between 2010 and 2017. Approximately 40% of women and 27% of men are under the age of 35 graduated from university. The share is starting to turn in favour of men in case of people aged 55 and more and 17% of men and 8% of women aged 65 and more have a university degree.

**The unemployment rate of** university graduates differs mainly by region and by field of study (specialization of faculties).

**In terms of regions**, there are traditionally the most opportunities for university graduates in Prague and the Central Bohemian Region are, on the contrary, the most problematic is the situation in the Ústí nad Labem and Karlovy Vary Regions, where there are the least suitable job opportunities. The Karlovy Vary Region is also struggling with the outflow of young people, regardless of educational attainment.

**According to the specialization of faculties**, the following graduates have the lowest unemployment rate (data refer to 2018) (Zelenka, 2019):

- medical and pharmaceutical faculties (0.6%),
- faculties of informatics and electrical engineering (less than 1.1%),
- health and social faculties (less than 1.1%),
- chemical and technological faculties (1.1%),
- faculties of mechanical engineering, civil engineering, architecture and other technical faculties (1.3%)
- faculties of education and sports (1.3%),
- law faculties (1.4%),
- faculties of economics (1.7%)
- faculties of humanities, social sciences and theology (2.1%),
- faculties of science (2.6%),
- agricultural faculties (2.6%),
- faculties of art (around 3.1%).

In the long term, medical, pharmaceutical, health and social and law faculties have the lowest unemployment rates. Since the middle of the last decade, there has been an increased interest in graduates of faculties of informatics and electrical engineering. There was also an increase in the interest in graduates of chemical and technology faculties in 2017 who faced a high unemployment rate in the past years. On the other hand, the highest unemployment rate in the long term is achieved mainly by graduates of agricultural and art faculties.

The current situation in the Czech labour market is very specific and the unemployment rates of university graduates, regardless of their field of study, are very low. Put simply, **university graduates do not currently have much difficulty finding a job.**

## Summary

Young people, and especially graduates, have traditionally been exposed to a high degree of threat in the labour market. However, the current situation in the Czech labour market is exceptional; the unemployment rate is the lowest among all EU countries. The youth unemployment rate is also very low. If young people and graduates have difficulty finding a suitable job in the labour market, this is mainly due to the low level of education attained, or their reluctance to continue their education or acquire a new qualification for which there is a demand in the labour market. Another reason may also be the reluctance to move for work.

It should be emphasized that the youth unemployment rate does not only depend on the **level and quality of education attained**, but also on important factors such as **demographic development**, structural changes in the economy and labour market, **quality of education system** and, above all, the **overall economic situation**. The influence of the so-called **cultural capital**, i.e., the influence of the family environment in which a young person grows up and where his/her relationship to education, culture, work, etc. is formed, cannot be overlooked.

The Ministry of Labour and Social Affairs, in cooperation with the Ministry of Education, Youth and Sports and social partners, adopted the *Youth Guarantee* programme in 2014 in response to the increase in youth unemployment. The main implementer of the programme is the Labour Office of the Czech Republic, which provides the following activities to young people ([www.mpsv.cz](http://www.mpsv.cz)):

- counselling to determine personal and qualification prerequisites,
- assistance in finding and mediating employment,
- contributions to employers for job creation, establishment of professional experience and practical trainings,
- self-employment allowances,
- training and retraining,
- unemployment and retraining benefits, etc.

The programme is co-financed by the European Social Fund under the Operational Programme Employment.



## 4. Conclusions and recommendations

The conclusions and recommendations arise from the analysis carried out and the research of the related literature and primary sources (especially strategic European and government documents or legislation).

### Gender discrimination

1. *Legislation.* The principle of non-discrimination and equal opportunities in the labour market and in employment relations is enshrined in the Czech legislation in the Charter of Fundamental Rights and Freedoms and in employment legislation in particular. Namely, in Act No 435/2004 Coll., on employment, as amended; in Act No 262/2006 Coll., Labour Code, as amended, and in Act No 198/2009 Coll., on equal treatment and on the legal means of protection against discrimination and on amending certain acts (Anti-discrimination Act).

It can be stated that the Czech Republic has a **sufficient legal framework**. Despite these shortcomings, the Anti-discrimination Act specifies the right to equal treatment and non-discrimination in a number of areas, prohibits direct and indirect discrimination and provides legal means of protection against discrimination. Discrimination is understood in a broad sense in legislation.

2. *Strategy.* Gender equality issues are also enshrined in national strategy documents that are linked to the Europe 2020 Strategy (particularly the Strategic Engagement for Gender Equality 2016-2019). It is primarily the Government strategy for equality of men and women in the Czech Republic for 2014-2020.

The strategy correctly identifies the main problems that arise in the area of gender equality in the labour market and in business, and also contains some suggestions for their solution. **The suggestions are adequate, but their implementation in practice is slow.**

3. *Institutional structure.* In order to promote the principle of non-discrimination and equal opportunities, it is necessary to create a sufficient institutional structure. The Government Council for Equal Opportunities of Women and Men has been operating in the Czech Republic since 2001. The Council has four committees and one working group:

- Committee on institutional support for equal opportunities for women and men,

- Committee on gender equality in politics and decision-making positions,
- Committee on work-life balance,
- Committee on the prevention of domestic violence,
- Men and gender equality working group.

Equal opportunities are also addressed at the level of the Czech Parliament. In the Chamber of Deputies there is a Standing Commission for Family, Equal Opportunities and National Minorities, and in the Senate there is a Subcommittee on Human Rights and Equal Opportunities.

Coordinators of the departmental agenda concerning gender focal points are active at ministerial level.

There is no fixed institutional structure at the level of self-government (regions and municipalities). There are different approaches, and the emphasis that different regions and municipalities place on equal opportunities is also different.

In addition, there are a number of other bodies that address the issue of equality and non-discrimination from different perspectives (e.g., Czech Statistical Office, Labour Office, employers' representatives, trade unions, scientific and educational institutions).

In the future, it will be necessary **to create an effective institutional structure within the public administration** that will systematically address the issue of equal opportunities. It is necessary to properly interconnect all levels of public administration, from central to regional to local, to unify rules and procedures. **Gender mainstreaming must be applied consistently** when formulating public administration policies and measures. It is absolutely necessary **to eliminate the formal fulfilment** of gender agenda! **Greater cooperation and, in particular, sharing of information between the bodies** dealing with equality issues can be recommended.

4. *Common gender stereotypes and behavioural patterns.* Czech society is quite conservative in its opinions on the division of the roles of women and men in society (man - breadwinner, woman - household and children care). Gender stereotypes and behavioural patterns are prevailing in society, regardless of educational attainment. The result is relatively high **horizontal and vertical gender segregation**. This is not only an economic problem, but above all a social one. Although the situation has improved slightly in recent years, the changes have been slow.

The values of society and established beliefs generally change only gradually and at a slow pace. Young people are particularly influenced by their family environment in which they grow up and largely adopt the values and stereotypical patterns of their parents' behaviour and actions. This also applies significantly to women's role in society. **Educational institutions should therefore take the initiative at all levels of education.** However, this is a complex problem - as a first step, it is necessary to **eliminate horizontal and vertical segregation in the education system.** Otherwise, other measures will not be sufficiently effective (the creation of new suitable teaching texts that *sensitively* reflect the issue of equal opportunities; a ban on classic fairy tales is a big mistake, as sometimes happens in practice! - it is necessary to explain, not prohibit!; equal treatment of girls and boys during education, etc.). The **mutual communication** of parents, children and teachers and the **cooperation** of all parties are also very important.

5. *Horizontal segregation in the labour market.* Analysis of selected economic indicators confirmed unequal position of women in the Czech labour market. There is a relatively **high concentration of women in certain sectors and fields of activity** that are less paid, less prestigious and associated with lower financial rewards. Horizontal segregation is significantly related to education - the field of study. When choosing a profession, a young person is determined by his/her abilities (personal dispositions), the influence of family, school, perceives the prestige of the field, is influenced by gender stereotypes.

The solution is to strictly observe the principles of equal opportunities not only for women and men at the workplace, but also for girls and boys in education. It means encouraging pupils and students to choose disciplines without stereotypes. For example, **school career counselling** can make them familiar with jobs which are non-traditional for their gender. On the part of the state, it would be appropriate to focus on the **promotion of apprenticeships and crafts** in order to raise awareness of the possibility to study them and increase their prestige in society. **Mutual cooperation and information sharing among all parties involved** (at all levels of government, schools, employers' representatives, trade unions, volunteer organizations, etc.) are essential. This should be a coordinated and systematic approach.

6. *Vertical segregation in the labour market.* Statistical data and surveys of independent private agencies confirm a **very small percentage of women at all**

**levels of business management** in the Czech Republic (especially in senior and top management) as well as in the boards of directors. However, statistics are not able to show whether women have access to leadership positions or are hindered by the so-called glass ceiling, are more willing to change their salary for more flexibility or negotiate their wages worse than men.

There are two ways to deal with the problem. Either it is a long-term **process of gradual changes** in the opinion of the roles of men and women in society (through education, upbringing) or an immediate solution can be chosen - by **setting mandatory quotas for women's representation in top corporate bodies** (positive discrimination). For example, over one hundred largest companies are required to have at least 30% of women on their supervisory boards in Germany since 2016. Quotas on supervisory boards are monitored in a number of Western countries (e.g., Norway, France, UK, Germany, Italy, Belgium, Spain, the Netherlands). However, the results are not clear. In fact, it was expected that the representation of women in business management would contribute to a faster filling of other managerial posts by women and thus to a reduction of wage differences. However, the pay gap has only narrowed at the highest levels. Also, there is no indication that greater representation of women in boards of directors would lead to concrete changes in business decision-making (with regard to equal opportunities).

7. *Gender pay gap.* Segregation in the labour market has resulted in a **large gender pay gap**. This fact has a negative impact on the amount of old-age pensions received at a later age. Women are therefore more at risk of poverty and social exclusion than men in retirement age.

In many companies (probably in most, but this claim cannot be substantiated by data), the practice is that when signing an employment contract, the employee (verbally) undertakes not to discuss the amount of his wage with other colleagues. The corporate pay system is thus opaque and apparently unfair from the very beginning. There is only one solution in this case - we can recommend the **obligation of the employer to inform about the gender pay gap**. This is not a revolutionary new thing. For example, all employers in Sweden, employers in France (for enterprises employing over 50 people), Italy (for enterprises with more than 100 employees), the United Kingdom (for large enterprises - above 250 employees) or Germany (for enterprises with more than 500 employees) have this obligation.

8. *Return of women to labour market after maternity and parental leave.* The serious problem that the Czech Republic has been facing for a long time is the return of women with young children to the labour market. The data show that the largest **drop in employment rate is apparent in mothers with young children aged 6 and less** (the result is among the worst in the EU). There is no single cause of this serious situation, but rather a combination of several factors:

- In comparison with other European countries, too long parental and maternity leave, accompanied by various social benefits - it does not motivate to return to the labour market (often after the second child).
- A long period outside the labour market leads to outdated knowledge and skills, thus reducing the employability of women-mothers.
- Lack of part-time jobs in the labour market.
- Lack of affordable pre-school care facilities.
- Gender stereotypes - in decision-making of company managements.

The solution to this problem must be comprehensive. It is advisable **to substantially reduce maternity and parental leave** (see e.g. Sweden, Switzerland and other developed countries). The data show that it is primarily the economic cycle that affects birth rates, not the length of maternity leave and social benefits! As a result, a very generous family policy significantly reduces the competitiveness of women-mothers in the labour market. It is necessary to focus on **ensuring high-quality pre-school care** to enable women to return to work as quickly as possible. **Encourage the use of other work-life balance tools.**

Note: The above mentioned problem is connected with other problems - family breakdown, increase of single mothers, insufficient enforceability of child maintenance. Therefore, the state should focus on increasing the economic independence of women and their employability - the aim should not be social benefits (only for a certain period and in necessary cases), but above all the acquisition of the ability to find employment and to take care of themselves and their children. Men who do not pay maintenance (and do not have a serious reason) should be more severely sanctioned.

9. *Lack of flexible jobs - as appropriate work-life balance tools.* The previous problem is closely related to the lack of flexible forms of employment. The Labour Code regulates part-time jobs, flexible use of working hours and corporate schools.

However, with the development of the digital economy, a number of new flexible forms of employment are developing.

It is therefore advisable to speed up **the adoption of new flexible forms of employment**. In particular, job sharing and home office, which are already widely used in practice. Although the Labour Code enshrines home office, the existing legislation does not fully cover all its advantages. The legislation on new flexible forms of employment should clarify a number of aspects of these atypical forms of employment and thus contribute to the expansion of their use.

### Age discrimination

*10. Discrimination against older workers in the labour market.* The position of older workers in the labour market will strengthen as a result of demographic trends. The number of people aged 55 and more will increase by more than half, to 500 million, by 2050. However, rapid aging puts more pressure on social and health care systems, while posing a threat to the financial sustainability of pension systems. The countries, including the Czech Republic, should therefore **compensate for the high costs by increasing the participation of older people in the labour market** - a positive impact on GDP and tax revenues. The data show that the **Czech Republic does not make full use of the potential of older workers**.

The state supports the employment of people 50+ through active employment policy instruments and also through ESF programmes.

In this context, we can recommend:

- Creating financial incentives for workers to remain economically active after they reach the official retirement age.
- Promoting lifelong learning and training to help improve the skills of older workers and increase their employability.
- Stricter regulation of discrimination in the labour market against older workers (age discrimination is still the most widespread form of discrimination in the labour market!).
- Promoting the use of flexible forms of employment.
- Preparing and implementing pension reform!!!

*11. Youth and graduates in the labour market.* Young people in the labour market including school graduates are among the most risky groups in the labour market.

The current situation in the Czech labour market is atypical - one can find a suitable job sooner or later if interested. The Ministry of Labour and Social Affairs, in cooperation with the Labour Office, uses a number of tools to strengthen the chances of young people to find employment (within the framework of the Youth Guarantee programme).

Practical experience shows that the greatest shortcomings of graduates include the **inability to apply theoretical knowledge in practice**, to solve problems in context, **critical thinking**, **teamwork** and presentation skills. Many also lack **soft skills** that belong to the field of behaviour and are related to social and emotional intelligence. The graduates also show insufficient language skills. Passive attitudes are frequent (the graduate expects the employer to teach him everything - lack of active interest in new things), as well as a low level of responsibility, but with high expectations.

Many of the problems outlined can be solved **by introducing the principles of dual education into the education system** (at the level of secondary schools and universities). The above-mentioned issue is also related to the necessary reform of the entire education system in the Czech Republic. This is a very broad subject that goes beyond the scope of the present study.

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