



The Role of Collective Bargaining in the Social Protection of Employees

Author: **Josef Zbořil**

Prague, 2021

The publication was realized within the project of the Association of Independent Trade Unions “Social Dialogue as a Tool for Social Protection of Employees and Prevention of Discrimination on the Czech Labour Market” financed from the contribution to the activities under Section 320a letter a) of Act No. 262/2006 Coll., the Labour Code, as amended, to support social dialogue.

*

* *

Introduction

Social dialogue is an essential element of the European social model, fully recognised as early as in the Amsterdam reform. Thus, social partners (representatives of corporate management and workers) can actively contribute to the formation of European social policy.

Union organisations play an indispensable part in the social protection of employees. Over the last few years, however, developed countries have shown that results of collective bargaining strengthen the status of certain groups of employees due to the ongoing digitisation and automation while other workers become more vulnerable in the labour market. Greater vulnerability in the job market also leads to an increased risk of discrimination.

Collective bargaining has an irreplaceable role in the social protection of employees. Protecting the rights of employees and maintaining social dialogue is more important now than ever before. Participation of employees and unions in resolving the current crisis might improve the situation significantly and introduce solutions which are acceptable both to employees and employers. Attention will be paid to measures whose aim is to ensure that employees and employers receive necessary support to overcome the crisis, and that employers strictly adhere to all statutory regulations and government orders, even in complicated economic conditions.

It's also necessary to pay more attention to new forms of employment, such as work from home, shared workspaces, or reduced working time. In social dialogue, greater emphasis should be put on sanitary conditions in the workplace, as well as on the entire field of occupational health and safety. Last but not least, optimum occupational and living conditions should be ensured even in the changed economic and social circumstances of workers, transformed as a result of the coronavirus pandemic and its consequences.

1. Collective bargaining as an essential tool used by union headquarters

1.1 Collective bargaining as a form of social dialogue

Social dialogue is most frequently understood as a permanent process involving sub-negotiations and consulting between parties (government representatives, employers, and employees) regarding issues of common interest related to different classes of economic and social policy. Social dialogue can take the form of a dialogue or triologue on the European, national, sectoral, regional, or corporate level.

On the national level, social dialogue takes place mostly under the umbrella of The Council of Economic and Social Agreement of the Czech Republic (hereinafter referred to as “RHSD”), a so-called Tripartite Body. Established in October 1990, it was not established by legal regulation, though its mission and tasks have been defined by a statute since 1997. Plenary sessions of RHSD are attended by a government delegation of 5 ministers and 2 deputy ministers, 7 representatives of union confederation, and 7 union representatives, and held ca once every 2 months. Any employer entity that wishes to participate in RHSD meetings needs to have at least 200,000 employees. In between plenary sessions, activities are managed by a board. Tripartite work teams and groups are expert bodies established to address basic spheres of issues (economic policy, taxes, labour relations, etc.).

RHSD holds talks to reach agreements on important economic and social matters—usually the preparation of important legal regulations and long-term plans.

On the regional level, the regions’ RHSDs handle social dialogue on mostly economic and social matters pertaining to given regions, with an emphasis on their resolution. Establishing special-purpose partnerships is another form of regional dialogue.

On the sectoral level, social dialogue most frequently occurs as collective bargaining with the aim of concluding a higher class collective agreement or providing consulting in the relevant sectors and concluding an agreement on a joint dealing with government bodies.

Higher class collective agreements are concluded between unions and employer entities (unions, associations, interest groups) in regard to a sector (glassmakers, energy sector) or field of activity (printing).

Members of relevant employer entities are bound by such agreements, even those who leave the association. If extended, a higher class collective agreement also applies to those who are not members of employer organisations.

On the corporate level, social dialogue takes the form of negotiating or concluding a corporate collective agreement, i.e. of mutual communication between an employer and a union in regard to addressing payment and other rights in labour relations, as well as of performing obligations ensuing from a collective agreement. Joint decision-making of unions in cases prescribed by the Labour Code or a collective agreement constitute another form of corporate social dialogue.

Collective agreements can be:

- ❖ Corporate agreements, namely:
 - concluded for an entire corporation; or
 - concluded for individual management levels, based on a territorial or professional principle.
- ❖ Group agreements which are concluded by:
 - one employer with multiple unions; or
 - one union with multiple employers; or
 - multiple entities on both sides.

The Labour Code also recognises employee councils, although those cannot engage in collective bargaining.

1.2 Collective agreement conclusion process

1.2.1 Collective agreement

(MPSV, Trexima s r.o., 2018)

Collective agreements govern employee rights in labour relations, as well as rights or obligations of the parties to such agreements. Stipulations concluded in collective agreements which impose obligations on employees or reduce their statutory rights are not taken into account.

Stipulations containing obligations which give entitlements to individual employees as per legal regulations or which endow employees with certain rights and obligations, view collective agreements as being of a normative nature (a source of law). Other commitments, especially those regulating collective relationships between employers and employees which do not give entitlements, rights, and obligations to employees, constitute contractual obligations.

Regulation of obligations in collective agreements is based mostly on relevant Labour Code stipulations and other labour regulations where the possibility of appropriate regulation in collective agreements, especially as it pertains to labour obligations, is directly assumed, or where the nature of things indicates that a certain regulation of obligations can be addressed by a collective agreement (i.e. it is not set by a legal regulation in a manner which prevents any deviation from said legal regulation).

Collective agreements can also govern obligations established by other than labour regulations which either assume said obligations will be governed by a collective agreement or that it is possible for them to be governed by a collective agreement due to the nature of things as labour regulations do not explicitly forbid this. Unlike obligations governing labour-law claims which can be regulated only within a framework established by labour laws, other obligations can be regulated in a collective agreement under the assumption that what is not forbidden is in fact allowed.

Any content of collective agreements is always limited by the condition that a regulation cannot contradict any legal act. Provisions of a corporate collective agreement which reduce

employees' labour rights to a lower class than the class stipulated in a higher class collective agreement are not taken into consideration.

A collective agreement must be concluded in writing and signed by the contracting parties on the same page, otherwise it is not taken into consideration.

A written proposal can be presented by any party, i.e. an employer or a union working at said employer's (legal personality required), 60 days before a current agreement ceases to be in effect at the latest. Unless stated otherwise, the other contracting party must provide a written answer within 7 days. If the other party presents a counterproposal, the original party once again responds within 7 days. The parties engage in mutual negotiations to address any and all conflicts. This process also applies to any negotiations concerning changes in the collective agreement. Unions also negotiate on behalf of employees who are not their members.

An agreement's content is up to the contracting parties. Rights and obligations, however, cannot be reduced to a lower class than what is conferred by a higher class collective agreement and the Labour Code.

Collective agreements should primarily contain information on:

- Force and effect—fixed or indefinite term (termination is regulated by the Labour Code—after 6 months of the contract being in effect at the earliest, with a 6-months' notice);
- Working hours—special regimes, shorter, flexible;
- Vacation—raised above the legitimate claim;
- Obstacles to work—right to a paid vacation above the scope established by legal regulations;
- Protection of employees in case of organisational changes; amount of severance pay;
- Wages—e.g. premium amount for working nights, Saturdays, or Sundays; remuneration rules;
- Benefits—most frequently recreation, loans, catering, supplementary pension insurance, supplementary life insurance, anniversary fees, pensioner care.
- Occupational health and safety

Conflict resolution

If contracting parties do not reach an agreement, subsequent actions are determined by the collective bargaining act. The parties may choose a mediator. If they do not agree on a mediator, they pick a mediator from a list of mediators and arbiters maintained by the Ministry of Labour and Social Affairs. The mediator presents a proposal for conflict resolution within 15 days. This may apply repeatedly—i.e. if the parties do not accept the proposal, another mediator is appointed. If the mediator proceedings are not successful, the parties can agree to approach an arbiter who makes a decision within 15 days. Such a decision can be appealed at court.

If a conflict is still not resolved, an extreme measure can be taken—strike.

1.3 Legislative framework of collective bargaining

Legal provisions can be found in the following regulations:

- The Constitution of the Czech Republic, Charter of Fundamental Rights and Freedoms, Article 10;
- Act No. 2/1991 Coll. on collective bargaining;
- Act No. 262/2006 Coll., Labour Code, especially Sections 22 to 29;
- The European Social Charter;
- ILO convention no. 87 on freedom of association;
- ILO convention no. 98 on rights to organise and collective bargaining;
- Act No. 89/2012 Coll. (replacing the previous Act No. 83/1990 Coll. on association), Sections 3025, 3046 and regulation of associations.

The collective bargaining act establishes the following process of concluding collective agreements:

- Collective bargaining starts when a contracting party (e.g. employer, multiple employers, an employer organisation, or multiple employee organisations) presents a written proposal for the conclusion of a collective agreement to the other contracting party (e.g. one or multiple unions);
- The party which receives the proposal is obliged to respond in writing in due time, i.e. within 7 business days at the latest unless stated otherwise, and comment on any propositions they do not accept;
- The parties must engage in mutual negotiations and cooperate to a necessary degree, unless such cooperation is in conflict with their legitimate interests;
- If a collective agreement was concluded for a fixed term or for an indefinite period of time and the parties agreed it can be amended by a certain date, or if it is terminated, the parties to it must commence negotiations on concluding a new collective agreement, at least 60 days before the current collective agreement becomes void or before the date by which the parties agreed the agreement could be amended;
- The collective agreement concluded by the parties can contain a provision stating the agreement and its scope can be amended. Same process applies to the conclusion of such an amendment as to the conclusion of a collective agreement.

A collective agreement concluded for a fixed term or an indefinite period of time can be terminated. A 6-months' notice period starts running on the first day of the month following after the month in which a notice was delivered to the other contracting party.

A collective agreement cannot be replaced by any other agreement and it is not possible to claim relative ineffectiveness of a collective agreement. A collective agreement cannot be terminated by a contracting party's withdrawal; if the contracting parties stipulate their right to withdraw from a collective agreement, such a stipulation is not taken into consideration.

When a union ceases to exist, the collective agreement becomes void on the last day of the following calendar year at the latest.

Conflicts regarding the conclusion of a collective agreement may arise during the process of concluding the collective agreement, as well as later conflicts regarding the performance of obligations which do not give rights to individual employees. Such conflicts are resolved through a mediator and adjuster.

1.3.1 Internal regulations

(MPSV, Trexima s r.o.2018)

The employer can adopt internal regulations to establish better rights for employees in labour relationships than the Labour Code does. Moreover, it is forbidden for internal regulations to impose obligations on employees or reduce their rights as anchored in the Labour Code. If an employer violates this prohibition, it is not taken into consideration.

Internal regulations are issued by employers and must be written in order to be effective. Also, if an internal regulation or its relevant parts contradict legal regulations or have retroactive effect, the entire regulation becomes void.

Internal regulations are usually issued for a fixed term of 1 year at minimum. Internal regulations regarding remuneration can be issued with a shorter effect. Internal regulations become effective on the day stated in them, but at the earliest on the day of their issue by the employer. The employer must inform employees of the regulation's issue, amending, or termination within 15 days at the latest and enable all employees to access it.

If an internal regulation gives employees a right as per their basic labour relationship, especially a wage-related right, salary-related right, or another right arising from the labour relationship, the internal regulation's termination has no effect on the continuation of this right or its satisfaction. **Working rules** are a special kind of internal regulations. Working rules expand on the provisions of the Labour Code or specific legislation, taking into account the employer's special circumstances if this concerns obligations of the employer and employees which arise from the labour relationship.

2. Social dialogue partners

Social dialogue partners are determined by the level of social dialogue. At any rate, they are representatives of employers and representatives of employees—unions, associations, confederations.

In effect, social dialogue takes place on four levels:

1. **Social dialogue on the highest level**, including the union level: state representatives (government representatives or ministers) + top employer representatives + top employee representatives (union headquarters)—tripartite, dialogue on a political, strategic level;
2. **Sectoral dialogue**: bipartite dialogue between employees and employers in a specific sector. Partners must reach a mutual agreement regarding coverage so that there are always relevant, responsible, and authorised partners available for negotiations: unions and associations as employee representatives; corporate management and other business bodies, their unions and organisations representing the interests of the business sphere on the part of employers;
3. **Regional social dialogue**: bipartite or tripartite dialogue between employers + representatives of the region + representatives of the municipal authority, often in regions characterised by specific industries;
4. **Social dialogue on the corporate level**: legal level, particularised by labour regulations and facilitated by legal provisions regulating collective bargaining. The term *social dialogue*, however, is broader than the specific term *collective bargaining*.

Besides relevant social dialogue teams on both essential sides to the dialogue, experts can also be invited to participate in the negotiations. They, however, should serve as an advisory voice only while the specific composition of the teams should aim to facilitate a successful social dialogue—collective bargaining—a basic condition of running a successful business and having satisfied employees, with good future prospects.

Social dialogue should adhere to these basic rules:

- All work matters can be subject to negotiation (not only those explicitly prescribed by labour law standards);
- Social dialogue can be held at all times, under all circumstances;
- Negotiations are informal;
- The parties are equal (no one of them can use legal means to impose their will on the other).

3. **Key roles of collective bargaining**

(Ungerma, Weis, Schulz: Vliv obsahu kol. smluv..., Fisher, VŠE Praha 2020)

3.1 **Collective bargaining**

Collective bargaining is defined by Convention No. 154 of the International Labour Organization (ILO), adopted in 1982. According to Article 2 of the convention, collective bargaining is means any negotiations and dealing between an employer (or a group of employers) and a union (or a group of unions) with the aim of determining labour conditions, employment rules, regulation of relationships between employers and employees or between employers and their organisations and one or more employee organisations (i.e. between social partners).

Czech legislation defines *collective bargaining* more narrowly. In Czechia, collective bargaining is defined by Section 1, Act No. 2/1991 Coll. on collective bargaining, as

amended, which says that “the law regulates collective negotiations between union organisations and employers or their organisations, in possible association with the state, with the aim of concluding a collective agreement.” Moreover, collective bargaining in Czechia also concerns the amending of collective agreements (Section 8, Paragraph 5, the Act on collective bargaining) or conflicts regarding the conclusion of a collective agreement or the performance of obligations as per a collective agreement (Section 10 ff. of the collective bargaining code).

The fact that the national legislation regarding collective bargaining is narrower than the international legislation has no negative effect on negotiations between employees and employers. Although the collective bargaining act regulates only the part of negotiations which concerns collective agreements, the other areas mentioned in ILO convention No. 154 are not omitted; they are addressed by Act No. 262/2006 Coll., Labour Code, as amended, which sets specific rules for actions undertaken under the umbrella of relevant labour and other legal relationships. The Labour Code defines the status of unions in Czechia where relevant provisions concern mostly the regulation of:

- the right of both social partners to joint decision-making (e.g. Section 61, Labour Code);
- the right to discussion (e.g. Section 46);
- the right to information (e.g. Section 38, Paragraph 3);
- the right to inspection (e.g. Section 322 of the Labour Code);
- the right to a due performance of union activities (e.g. Section 277);
- the rights of employees (e.g. Section 62).

3.2 Collective agreement

The issue of collective agreements is governed primarily by Act No. 262/2006 Coll., Labour Code, Sections 22 to 29. As per Section 22 of the Labour Code, a collective agreement may be concluded on behalf of employees only by a union organisation. However, according to Section 24, Paragraph 1 of the Labour Code, such an organisation also automatically concludes a collective agreement on behalf of any employees who are not unionised. As per Section 24, Paragraph 2 of the Labour Code, if there are more union organisations carrying out activities at the employer’s then the employer must negotiate the conclusion of a collective agreement with all of them. According to this provision, union organisations act and proceed, with legal consequences for all employees, jointly and in mutual agreement, unless an agreement between themselves and the employer states otherwise.

Collective agreement is not defined in the effective legislation regarding collective bargaining.

Nevertheless, *collective agreement* can be defined as a “bilateral written labour act whose nature is simultaneously that of a normative act resulting from collective bargaining between the contracting parties, and of a regulation governing individual as well as collective relationships between employers and employees, including the rights and obligations of the contracting parties (participants to the collective agreement).” The content of collective agreements is currently defined in the Labour Code. As per Section 23, Paragraph 1 of the

Labour Code, a collective agreement can define the rights of employees in labour relationships, as well as the rights or obligations of the contracting parties to such an agreement.

Furthermore, the Labour Code distinguishes between two types of collective agreements, namely corporate agreements and higher class agreements.

As per Section 23, Paragraph 3, Letter a), a corporate collective agreement is concluded between an employer or multiple employers and a union organisation or multiple union organisations working at the employer's.

As per Section 23, Paragraph 3, Letter b), a higher class collective agreement is concluded between an employer organisation or organisations and a union organisation or organisations.

3.2.1 Key principles and rules of collective agreements

In relation to the introduction of modern technologies, at least 3 key areas can be identified as warranting further definition in collective agreements. The following areas are expanded on below:

- Worker participation in bodies;
- Designing the process of partnership;
- Setting the time frame.

3.2.2 Worker participation in bodies

Specifically, collective agreements should address participation of employee representatives in the introduction of modern technologies. Existing bodies can serve this purpose, see e.g. employee councils in Germany. This, however, must be clearly defined in the collective agreement.

A better anchorage in the business' operation may be an indirect advantage of involving such existing bodies in the introduction of modern technologies. Nevertheless, it is also possible to purposefully establish different kinds of new bodies, such as assessment committees to directly contribute to the assessment of options regarding the introduction of modern technologies to individual corporate areas. These committees frequently take part in training or presentation of new technologies.

Naturally, employee representatives should meet certain criteria. They should be both experts and negotiators. It is also important to correctly evaluate which corporate divisions should be represented in the bodies. If necessary, the selected representatives should be able to sufficiently prepare for their participation and work, complete any necessary training in digitisation, automation, robotic automation, etc. in advance, and utilise the expert knowledge of other employees, employee surveys, department meetings, etc. [18]

3.3 Designing the process of partnership

Moreover, it is important to define the key parameters of the "partnership" process in the area of digitisation, automation, and robotic automation, or the general process of introducing modern technologies. The main goal of the entire process is to consensually and successfully integrate modern technologies at workplaces, making use of opportunities as well as preventing and minimising risks to workers and employers and ensuring the best possible outcomes both for employees, and the workers.

The process can be divided into 5 stages:

- i. Joint research, preparation; support consisting of inquiry, awareness raising, and the building of trust and correct auxiliary knowledge base to facilitate open discussion on opportunities and challenges or risks associated with digitisation, their impact on the workplace, and possible procedures and solutions;
- ii. Joint mapping, regular evaluation, analysis—mapping specific areas of challenge, risk, advantage, and opportunity, assessing the possible benefits or limitations an integration of digital technologies can have for workers and the business. Possible measures are identified at this stage. Small and medium businesses may also require external consulting / support;
- iii. Joint overview of the situation, and adoption of digital transformation strategies— follows up on the above-mentioned steps and can be viewed as their outcome. This concerns a basic understanding of opportunities, challenges, risks, various elements and their mutual relationships, and an agreement on digital strategies to establish future corporate goals;
- iv. Adoption of appropriate measures—this stage is based on a joint overview of the situation. It includes: the possibility of testing expected solutions, setting priorities, timing, implementation in gradual time-limited stages, clarification and definition of roles and responsibilities on the part of the management, employees, and their representatives, definition of resources, and responsible measures such as (professional) support, monitoring, etc.;
- v. Regular joint monitoring, learning, evaluation—the last stage of the process. It includes a joint evaluation of the measures' effectiveness and a discussion on the necessity of further analysis, awareness raising, support, or any other action.

If there are concerns regarding consequences to working conditions, health, or safety and requiring immediate attention, action needs to be taken. If necessary, it is in the interest of employers and workers to adapt the organisation of work to the ongoing transformation. This adaption should be conducted with respect to employee interests and employer privileges if it concerns organisation of work on the corporate level.

To ensure overall success and sustainable development, it is vital that employers, employees, and their representatives are all committed to the negotiated, jointly managed process. It is just as important to respect the roles and representatives of everyone involved, as well as feedback communication and provision of information from the business and employee representatives to employees. Naturally, employee representatives must be provided with such information, tools, or devices which are necessary for effective inclusion in various stages of the process.

3.4 Setting the time frame

Last but not least, it is necessary to set a time frame for the whole process. This is why we directly reiterate it here even though we have already commented on the necessity above. Employees or their representative should be able to evaluate the impact of new technologies on employment, quality, labour conditions, etc. well in advance.

4. International documents and commitments; social security in the international context

4.1 International organisations (not exhaustive)

The United Nations is an organisation founded in 1945 to promote and strengthen respect to human rights and fundamental freedoms for all. It grants everyone the right to social security and to have their state ensure their economic, social, and cultural rights as required in regards to their dignity and the free development of their personality. In 1966, the General Assembly adopted the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. The Convention on the Rights of the Child is another UN document with a large significance for social security.

The International Labour Organization was founded in 1919 and its statutes included in the Treaty of Versailles. The first ever United Nations affiliated body, it is concerned with the protection of human rights in the field of employee labour conditions and employee rights protection. It strives to establish fair processes in the working environment and takes part in the training of employees, as well as education and research.

The Council of Europe was founded in 1949, is located in Strasbourg, and currently groups 47 countries. Its goal is to improve the living conditions of the member states' populations, protect human rights and fundamental freedoms, and strengthen the principles of parliamentary democracy, law, and order. Its activities concern the adoption of conventions, resolutions, and recommendations. Key documents adopted by the Council of Europe include European Convention on Human Rights, European Social Charter, European Convention on Social Security, and European Code of Social Security. The European Convention on Human Rights is interpreted by the European Court of Human Rights; each member state is represented by one judge.

4.2 European Social Charter

The European Social Charter is an international agreement on social and economic rights, ratified by the Council of Europe (founded in 1949) member states.

Along with the European Convention on Human Rights, the Charter is one of the two fundamental pillars of the system of treaties underpinning the protection of human rights in Council of Europe member states and has greatly influenced the development of social policy on the European level. The Charter's provisions, adopted by the contracting parties, constitute indisputable international legal commitments to protect human rights. Furthermore, the convention greatly contributed to the formation of European human rights standards in the social and economic sphere.

The first version of the Charter was adopted on October 18, 1961 in Turin, with the original signatories becoming bound by it on February 26, 1965. On May 27, 1992 in Strasbourg, it was also signed on behalf of the Czech and Slovak Federative Republic. Czechia became bound by it on December 3, 1999, after the Parliament of the Czech Republic approved it and finalised the ratification process.

4.2.1 Content and structure of the Charter

Unlike the European Convention on Human Rights, the European Social Charter considers the different nature of social rights when compared to that of civil or political rights, as well as possible economic differences in individual states.

Part I. of the European Social Charter establishes 19 principles, viewed by the contracting parties as a goal to be strived for when implementing this international convention.

Part II. lists articles 1–19 with the individual social and economic rights.

Part III—article 20 (undertakings); part IV—Articles 21–29 (supervision of implementation); and part V—articles 30–38, with an annexe.

4.2.2 Changes in the Charter up until now

Additional Protocol (1988)

In 1988 in Strasbourg, rights protected by the Charter were supplemented by the Additional Protocol which enhanced the Charter with another 12 social and economic rights (e.g. right to equal opportunities and equal treatment in matters of employment, with no discrimination on the grounds of sex; right to information and consulting; right to participate in the determination and improvement of working conditions and environment; right of the elderly to social protection).

Protocol amending the European Social Charter (1991)

In 1991 in Turin, a protocol amending the European Social Charter was signed to improve the Charter's effectiveness, including the function of its monitoring mechanism.

Additional Protocol (1995)

Another Additional Protocol to the European Social Charter, establishing a system for lodging collective complaints, was adopted in 1995 in Strasbourg.

Revised European Social Charter (1996)

In 1996 in Strasbourg, the Revised European Social Charter was drawn up and is being gradually adopted. Apart from the fundamental rights already enshrined in the European Social Charter, this document is a step forward especially regarding the right of employees to protection in case of employment termination (revised Article 24).

4.2.3 Monitoring mechanism

The European Social Charter's monitoring mechanism does not consist of judicial monitoring (as is the case with the European Convention on Human Rights), rather of regular reporting on the fulfilment of stated undertakings, provided to the general secretary of the Council of Europe (Article 21). The reports are then examined by the Committee of Independent Experts and Committee of Ministers presents the states with their criticism and recommendations if there are any (Article 29).^[4]

4.3 European Pillar of Social Rights

The European pillar, jointly declared by the European Parliament, Council, and Commission on November 17, 2017, promotes a high level of worker protection against occupational and health risks, regardless of age.

This is especially important in the context of the European pillar as its goal is to ensure fundamental social rights, including fair working conditions, equal opportunities, and equal access to the job market. As stated by one its 20 key principles, "Workers have the right to a

working environment which is adapted to their professional needs and enables them to prolong their participation in the labour market.”

The EU-OSHA agency fully supports the pillar as a part of its efforts to ensure healthy, safe, and well-adapted working environment in Europe.

The European Pillar of Social Rights formulates the following 20 principles, divided in three blocks:

Equal opportunities and access to the labour market

Education, training, and lifelong learning: Everyone has the right to quality and inclusive education, training and life-long learning in order to maintain and acquire skills that enable them to participate fully in society and manage successfully transitions in the labour market.

Gender equality: Equality of treatment and opportunities between women and men must be ensured and fostered in all areas, including regarding participation in the labour market, terms and conditions of employment and career progression. Women and men have the right to equal pay for work of equal value.

Equal opportunities: Regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation, everyone has the right to equal treatment and opportunities regarding employment, social protection, education, and access to goods and services available to the public. Equal opportunities of under-represented groups shall be fostered.

Active support to employment: Everyone has the right to timely and tailor-made assistance to improve employment or self-employment prospects. This includes the right to receive support for job search, training and re-qualification. Everyone has the right to transfer social protection and training entitlements during professional transitions.

Young people have the right to continued education, apprenticeship, traineeship or a job offer of good standing within 4 months of becoming unemployed or leaving education.

People unemployed have the right to personalised, continuous and consistent support. The long-term unemployed have the right to an in-depth individual assessment at the latest at 18 months of unemployment.

Fair working conditions and access to the labour market

Wages: Workers have the right to fair wages that provide for a decent standard of living.

Adequate minimum wages shall be ensured, in a way that provide for the satisfaction of the needs of the worker and his / her family in the light of national economic and social conditions, whilst safeguarding access to employment and incentives to seek work. In-work poverty shall be prevented.

All wages shall be set in a transparent and predictable way according to national practices and respecting the autonomy of the social partners.

Information about employment conditions and protection in case of dismissal: Workers have the right to be informed in writing at the start of employment about their rights and obligations resulting from the employment relationship, including on probation period.

Prior to any dismissal, workers have the right to be informed of the reasons and be granted a reasonable period of notice. They have the right to access to effective and impartial dispute

resolution and, in case of unjustified dismissal, a right to redress, including adequate compensation.

Social dialogue and involvement of workers: The social partners shall be consulted on the design and implementation of economic, employment and social policies according to national practices. They shall be encouraged to negotiate and conclude collective agreements in matters relevant to them, while respecting their autonomy and the right to collective action. Where appropriate, agreements concluded between the social partners shall be implemented at the level of the Union and its Member States.

Workers or their representatives have the right to be informed and consulted in good time on matters relevant to them, in particular on the transfer, restructuring and merger of undertakings and on collective redundancies. Support for increased capacity of social partners to promote social dialogue shall be encouraged.

Work-life balance: Parents and people with caring responsibilities have the right to suitable leave, flexible working arrangements and access to care services. Women and men shall have equal access to special leaves of absence in order to fulfil their caring responsibilities and be encouraged to use them in a balanced way.

Healthy, safe and well-adapted work environment and data protection: Workers have the right to a high level of protection of their health and safety at work. Workers have the right to a working environment adapted to their professional needs and which enables them to prolong their participation in the labour market.

Workers have the right to have their personal data protected in the employment context.

Social protection and inclusion

Children and support to children: Children have the right to affordable early childhood education and care of good quality. Children have the right to protection from poverty. Children from disadvantaged backgrounds have the right to specific measures to enhance equal opportunities.

Social protection: Regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection.

Unemployment benefits: The unemployed have the right to adequate activation support from public employment services to (re)integrate in the labour market and adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. Such benefits shall not constitute a disincentive for a quick return to employment.

Minimum income: Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.

Old age income and pensions: Workers and the self-employed in retirement have the right to a pension commensurate to their contributions and ensuring an adequate income. Women and men shall have equal opportunities to acquire pension rights. Everyone in old age has the right to resources that ensure living in dignity.

Health care: Everyone has the right to timely access to affordable, preventive and curative health care of good quality.

Inclusion of people with disabilities: People with disabilities have the right to income support that ensures living in dignity, services that enable them to participate in the labour market and in society, and a work environment adapted to their needs.

Long-term care: Everyone has the right to affordable long-term care services of good quality, in particular home-care and community-based services.

Housing and assistance for the homeless: Access to social housing or housing assistance of good quality shall be provided for those in need. Vulnerable people have the right to appropriate assistance and protection against forced eviction.

Adequate shelter and services shall be provided to the homeless in order to promote their social inclusion.

Access to essential services: Everyone has the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications. Support for access to such services shall be available for those in need.

4.4 Action plan for the implementation of the European Pillar of Social Rights

On March 4, 2021, the European Commission published the Action Plan for the implementation of the European Pillar of Social Rights (EPSP) as a guideline to be used by the member states when implementing the pillar's twenty principles and ensuring a smooth transition to a digital, green economy. The EPSP was declaratively adopted in November 2017 at the Social Summit in Goteborg, as a legally non-binding document. The Commission plans to introduce the Action Plan as a political commitment in May, at the Social Summit in Port. The Action Plan is supplemented with an EC message promoting effective and active employment support in the wake of the COVID-19 pandemic.

It is commendable for the Commission to recognise that of all continents in the world Europe is the one with the lowest rate of social inequality, the most stringent working condition norms, and a broad social protection. Competitive sustainability is the focal point of Europe's social market economy. Europe already has its own set of rules which can be only as good as its future implementation. The Action Plan's implementation is mostly up to the member states; initiatives on the EU level will be complementary.

The three main goals of the Action Plan are also worthy of general support—employment, skills, and modernisation of national social protections systems. The Commission correctly states that none of the measures regarding employment and workers can be successful without supportive businesses and businesspeople. Lively industry remains the driving force of Europe's future prosperity and the main source of new jobs. The EC appeals to the member states to use the unprecedented amount of financial resources for renovation and reform.

Although public discussion has shown that most European citizens find it important to implement, apply, and enforce the EU's current labour and social legislation, the EPSP Action Plan contains a number of legislative initiatives which have already been published and are currently being transposed or negotiated by the Council. The Action Plan expects that almost thirty proposals for legislative and non-legislative initiatives will be made, necessitating a thorough analysis.

For instance, directives on work-life balance or predictable transparent working conditions currently find themselves in the process of transposition. The recently published draft directive on adequate minimum wage in the EU is also on the negotiating table. The Action Plan's publication was accompanied by a proposal regarding transparency in equal remuneration of men and women.

However, the Action Plan also contains a number of previously announced or new proposals concerning all three priority areas, many of which will have a regulatory and administrative impact on businesses and businesspeople and need to be thoroughly analysed. These include, for example, the upcoming legislative initiative focusing on the working conditions of platform workers, a regulatory framework for AI (artificial intelligence), report on the implementation of the EU working hours directive, measures following up on the EP report about the right to disconnect from digital means of work, new strategic EU 2021–2027 framework for occupational health and safety, proposal for the introduction of individual learning accounts, European access to micro-credits, a skills and talent package, report on the application on the directive regarding non-discrimination in the workplace and racial non-discrimination (2000/78 and 2000/43), recommended minimum income, initiative concerning long-term care, or ESSPASS (European Social Security Card).

4.5 Documents of the International Labour Organisation

Many international treaties were adopted on the level of the International Labour Organisation, among others the following:

- Convention No. 102, minimum standards in social security;
- Convention No. 103, maternity protection;
- Convention No. 118, equal treatment of foreigners and citizens in social security
- Convention No. 128, invalidity, old-age, and survivors' benefits
- Convention No. 130, medical care and sickness benefits; and
- Convention No. 157, maintenance of social security rights.

5. Experience with the collective bargaining process, using the example of collective agreements in the Czech agricultural sector

5.1 Report on higher class collective agreements concluded in 2021

5.1.1 Higher class collective agreements

(Odbory info 2021)

Collective agreements concluded with the Czech Moravian Union of Agricultural Entrepreneurs (ČMSZP)

Collective agreements concluded with the Agricultural Association of the Czech Republic (ZS ČR)

Collective bargaining about higher class collective agreements for the agricultural sector in 2021 began in the early November, 2020, namely on November 5, 2020 when a proposal for a 2021 higher class collective agreement was presented to Ing. František Winter, the head of

the Czech Moravian Union of Agricultural Entrepreneurs, and to Ing. Martin Pýcha, the head of the Agricultural Association of the Czech Republic. Both business associations agreed to negotiate jointly without concluding a single joint collective agreement. Instead, they decided to conclude separate collective agreements for each association, though with identical wording.

The Trade Union of Agricultural and Nourishment Workers–Association of Free Unions of the Czech Republic (OSPZV-ASO ČR) proposed to increase minimum wage tariffs by 6.2% on average for the 1–12th tariff level. When the wage tariff proposal for a higher class collective agreement was being drafted, no decision had yet been made regarding a specific minimum wage amount. Therefore, we used a version of a minimum wage proposed by the Ministry of Labour and Social Affairs, namely 15,500 CZK. This amount was used in a proposal for a wage tariff in the first tariff level, with the other tariff levels adequately increased.

Collective bargaining was conducted on December 27, 2019 and attended by Bohumír Dufek, the head of OSPZV-ASO ČR, as well as the heads of both business associations, i.e. ČMSZP and ZS ČR, following preliminary negotiations which were held separately with each head of the respective business association. No agreement was reached during the heated debate on the increase of minimum wage tariffs. The Agricultural Association of the Czech Republic did not agree with any increase of minimum wage tariffs and did not consider any future raise of minimum wage. Naturally, OSPZV-ASO ČR found such a proposal utterly unacceptable. Subsequently, ZS ČR tabled a new proposal for minimum wage tariffs which recognised the approved amount of minimum wage, though it constituted not even 1 growth percent. Considering the fact that inflation predicted for 2020 was 3.2%, this proposal was unacceptable to OSPZV-ASO ČR as well.

Based on the OSPZV-ASO ČR's resolute decision to refrain from concluding a higher class collective agreement stipulating such a wage growth, another round of collective bargaining was held where the Agricultural Association of the Czech Republic tabled a new proposal for minimum wage tariffs. This one at least reflected the amount of inflation in 2020 which OSPZV-ASO ČR had insisted needed to be taken into account. After OSPZV-ASO ČR pushed through certain adjustments increasing the wage tariff on the 3rd, 4th, and 5th tariff levels, the proposal was approved by both social partners (ZS ČR and ČMSZP on the business side). Thus, the average increase of wage tariffs in the 1–2th wage levels amounted to 3.2%. Both collective agreements were signed by January 14, 2021.

On January 15, 2021 both higher class collective agreements were subsequently registered at the Ministry of Labour and Social Affairs.

After the handling of the necessary documents for the proposal to extend the binding nature of the 2021 higher class collective agreement to all legal economic entities in the sector, as per the Classification of Economic Activities (CZ-NACE) level 1, code a) agriculture, forestry, and fishing, the application was submitted to the Ministry of Labour and Social Affairs on January 22, 2021.

Corporate collective agreements of a national nature

(Collective bargaining for these collective agreements is led by a union association, signed by the head of the OSPZV-ASO ČR union organisation on their behalf.)

5.1.1.1 Collective agreement with Penny Market s.r.o.

A draft 2021 collective agreement was once again drawn up by the OSPZV-ASO ČR and discussed with membership representatives whose demands were incorporated into the draft collective agreement. Subsequently in early November 2020, OSPZV-ASO ČR approved the draft collective agreement with the Union of Trade, Logistics, and Service Workers, the other social partner to this collective agreement on the part of the unions. Once approved, the draft collective agreement was submitted to the Penny Market management on December 17, 2020.

In the collective agreement, OSPZV-ASO ČR proposed an average raise of employee wages by 5 %, of supplementary pension insurance benefit, of wages for working on Saturdays and Sundays, and of the monthly cafeteria point benefit. As the Penny Market management wished to comment on these demands only after the 2020 economic result would be clarified, the first round of collective bargaining was scheduled to take place on January 29, 2021. Before the start of the negotiations, OSPZV-ASO ČR asked the Penny Market management to submit its draft wage regulation and premium logistics headquarters code.

5.1.1.2 Collective agreement concluded with BILLA s.r.o.

On December 14, 2020, a collective agreement was negotiated and signed between this chain of stores and the Union of Trade, Logistics, and Service Workers for the period of time running from January 1, 2021 to December 31, 2022.

This collective agreement stipulated that the wages of the workers employed by this chain of stores would be raised by 5 % on average.

5.2 Model higher class collective agreement in the agricultural sector:

HIGHER CLASS COLLECTIVE AGREEMENT

The Agricultural Association of the Czech Republic, represented by Ing. Martin Pýcha as its head

and

the **Trade Union of Agricultural and Nourishment Workers–Association of Free Unions of the Czech Republic**, represented by Bohumír Dufek as its head.

This collective agreement is a comprehensive model example of a modern higher class collective agreement which reflects current development trends and their impact on the social security of workers and the sector's prospects. It can be found among the documents of OSPZV-ASO ČR and at the Ministry of Labour and Social Affairs.

6. Ongoing changes in the structure of the labour market; social protection context

The labour market is not static, quite to the contrary—it is characterised by constant changes. As human knowledge develops, new working processes are introduced, and work organised in new ways, requirements and demands placed on the workforce change, too. The destruction and emergence of occupations and jobs are characteristic for the labour market. These changes do not take place evenly across all industries or fields, rather they differ in depth and intensity. In comparison to previous developments, changes caused by the digitisation process and introduction of Industry 4.0. are much quicker and affect essentially all parts of a society's life. For this reason, we can assume that they will greatly affect labour

markets and the overall social structures of societies. Thus, it is important to understand and recognise the effect of these processes, even though this can often be very difficult because societies are very complicated systems whose individual elements are interconnected and influence each other. Slight changes can have huge consequences, ones which are frequently impossible to predict. If we succeed at least partially, our society can somewhat prepare itself for these changes and use them as an opportunity for further development.

6.1 Impact of the digitisation process in the labour market and the preparedness of human resources

Thinking about impacts of digitisation on the Czech labour market is to a large extent affected by concerns about low-skilled workers being pushed out of the labour market and remuneration decreasing. The fact that the relationship between automation and remuneration is a two-way street, however, tends to be omitted. A higher degree of automation allows businesses to reach higher work productivity which ends up being reflected in higher remuneration. On the other hand, increased wage costs (often promoted by a quick growth of minimum wage) force economic entities to replace work with capital (i.e. to increase the automation of production).

It is this relationship between work and capital which businesses with unsatisfactory work productivity try to correct by introducing new production technologies. If the composition of production factors is changed, two situations may occur:

- The technologies and production processes which up until now have not yielded any profit become profitable upon the introduction of a minimum wage, precisely due to higher costs of work. In this case, a business does experience an increase of costs but at a slower rate when compared to a situation which would not allow said business to choose any other production process. Such a business' employment decreases in this case—a new level of production can be achieved with a smaller workforce. Introduction of new technologies is usually associated with higher demands placed on the workforce, typically on lower-skilled workers who tend to be more threatened with lay-offs in general;
- Another explanation is presented by the theory of demand and supply shocks. According to the shock theory, the introduction of a minimum wage forces lethargic businesspeople to act, e.g. to introduce new technologies. When evaluating consequences and seeking suitable measures regarding the mitigation of the negative effects of the fourth industrial revolution, it is crucial to take into account research outcomes from countries similar to Czechia. Currently, Czechia is a country with a very high concentration of industrial robots, even globally speaking.

Thus, all results show that support for non-competitive industries, based on arguments revolving around threats to the labour market (and the related growth of unemployment), may rest on faulty assumptions and that the labour market may be able to absorb these changes in the medium term.

6.1.1 Expected changes in demand for workforce; barriers to replacing work with technology

The process of replacing work with technology likely will not happen continually, rather in waves. Occupations related to transport and logistics (self-driving vehicles) will be affected first, as well as most supporting administration workers (data algorithm development will make it possible to replace them with a special software; accounting is a typical example of a threatened field), and production workforce (the ongoing process of digitisation of the entire

production process, including distribution). Changes will also become apparent in services, sale, and construction. This first wave of replacing work with capital will be followed by a slow-down of this process, technologies will nevertheless experience further development which will facilitate a gradual overcoming of other barriers to the replacement of work with technology, ones connected primarily to creativity and social intelligence. In the long term, we can expect another wave of work replacement, associated with the introduction of self-driving and auto-optimising systems and artificial intelligence. And this one will concern sophisticated jobs requiring high levels of skills. A similar process will likely also occur in Czechia, although delayed.

Barriers to the digitisation process, however, must be viewed in a broader context still. If they are, then the following can be included among fundamental barriers:

- A lack of digitisation strategy on the national level or an insufficient attention paid to digitisation by the government;
- Limited investments in research, development, and the digitisation process as such;
- A level of technological development which makes it impossible to overcome barriers related especially to creative and social intelligence;
- A lack of qualified workers in the society, a significant discrepancy between demand and supply in the labour market regarding required knowledge and skills;
- A legal framework which lags behind technological development (e.g. legislation governing legal liability in the case of drones or self-driving cars);
- Psychological barriers in the cooperative relationship between humans and robots (e.g. a worker's refusal to receive orders from a robot);
- A lukewarm reception of certain services (e.g. self-checkouts) by customers. This usually concerns transfer of costs from the provider to the customer at the expense of the latter's comfort. Not all customers are satisfied with such an approach;
- Limitations of the digitisation process in services (e.g. healthcare, education). The depersonalisation of the communication process can cause a counter-reaction in the form of an increased interest in standard services provided by people (the so-called retro has been growing in popularity over the past few years—a greatly increased interest in vinyl records, retro furniture, fashion styles, production of retro-foods, etc.);
- The issues of rising stress and health effects of the digitisation process on jobs remain inconclusive.

6.1.2 The process of job destruction and creation

The process of job destruction and creation (the so-called creation-destruction process) will take different forms in different countries (considering the structure of the national economies), in different fields, and in different professions. The possibility of replacing individual job tasks or working processes with new technologies (automation, robotic automation, ICT) will be crucial. The replacement of non-routine manual tasks will be facilitated by the so-called machine learning,¹ provided that input investments in modern technologies (robots) are lowered.

Individual studies differ significantly in their estimates of the number of jobs which can be expected to be affected by the creation-destruction process. This is caused mainly by different

calculation methods which use either professions or work tasks, as well as by different periods of time considered in the calculations and overall input parameters. When using professions for quantification, we must take into account that professions which are considered to be highly threatened by digitisation may contain a number of work tasks which cannot be replaced by automation. Most professions will not be destroyed entirely; rather it will be the manner in which work tasks are performed that will change. Many studies are relatively sceptical and their estimates state that 40–50 % of jobs will cease to exist over the next 15 years. The ratio of destroyed to created jobs will be 5:2. This means that qualified estimates range from pessimistic to optimistic. Therefore, it is necessary to tread very carefully.

The extent to which jobs are threatened is also addressed in a 2016 OECD study. There are apparent differences between countries, caused by a variety of factors such as the amount of investments in the digitisation of economy, structure of national economies (whether or not they are oriented on high-added value products and services), amount of investments in education (countries with a high level of human capital, ones focused on high-skilled workers, have a smaller percentage of workers who are highly threatened by automation). The study's conclusion suggests that 6–12 % of employees are currently working in professions highly threatened by automation. The highest share is in Germany, Austria, and Spain (12 %).

In regards to Czechia, the study states that 10 % of jobs will be highly threatened with automation over the next 20 years while another 35 % will undergo substantial changes. In absolute numbers, this means that ca 408 thousand of jobs will be threatened and 1.4 million of jobs will experience significant changes. Czechia, along with Slovakia and Italy, is a country with one of the highest percentage of jobs which can be expected to go through a fundamental transformation.

Compared to developed economies, there is only a small segment of professions in the Czech economy which will not be threatened by digitisation at all. In regard to the impact of digitisation in the individual sectors of the Czech economy, the index shows to which degree the individual sectors will need to undergo an internal transformation, depending on the number of employees with a high index of being threatened with digitisation. At the same time, sectors with a higher degree of digitisation will likely experience the consequences of changes in the global economic structure more intensely. A stronger connection to the global economy means not only more opportunities, but also a more competitive environment. In limited cases, some sectors can manifest their relative endangerment where there may occur a substitution with activities from different sectors. Nevertheless, this risk is relatively small as substitution happens mostly on the lower level (with associated fields), not on the level of sectors.

The process of digitising the economy however does not simply pose a threat to certain professions and jobs or their significant transformation; it creates preconditions for the creation of entirely new professions and jobs as well. It also can have a positive effect on the labour market.

6.2 Robotic automation

(P. Scholz, P Weisser, Z. Kadlec: Možné změny pracovní síly v době digitalizace a robotizace, 2020)

Automation and robotic automation are already extensively applied to many business processes and their application, just like that of the other technologies we already mentioned,

is experiencing a rapid increase. There are no doubt many reasons for this, so let us mention a few of the most important ones:

- 1) Costs per robot have long been decreasing. At the same time, workforce costs have long been rising;
- 2) Many different types of robots are being developed successfully, some of which are smaller, can monitor stimuli and events in their surroundings, or even work with people;
- 3) Aging population in certain regions and a lack of workforce in certain fields (such as logistics);
- 4) Digitisation and development of other technologies, as well as benefits of mutual integration (IoT, corporate SW).

Automation and robotic automation are beneficial mostly due to their savings on human work and operation costs; a more effective, higher-quality production, gentler handling of materials, higher speed, minimisation of errors and related risks.

Besides production tasks, automation and robotic automation are also applied to transport, testing, packaging, inspection of parts or loading and unloading. They are beginning to be used in services such as healthcare or repair as robots do not require any significant modification for this purpose. Robots are increasingly being used in agriculture, too.

With the exception of 2012 and 2019, the number of supplied industrial robots has experienced a relatively stable global growth since 2010 which is expected to continue in the future. It is uncertain, however, how exactly the global COVID pandemic will affect the situation. The impact of the pandemic may be negative as businesses will not be able to invest on account of insufficient funds, or positive because some of the businesses which depended on workforce were forced to stop their operation which might not have happened had they automated. Nevertheless, the statistics on supplied robots was not entirely relevant without the total number of robots being operated around the world. We can see that a large segment of the supplied robots constitutes a new installation, not a replacement of existing robots.

Naturally, not all robots being sold are traditional; a part of the robots being sold is collaborative.

When looking at the application of robotic automation to individual industrial sectors, we can see that it does not occur uniformly. There are differences which reflect both the nature of production itself and thus the technological possibilities of its automation, and the economic circumstances of producers, especially their capacity to invest, and last but not least the costs of new technology and workforce.

Estimates of the International Federation of Robotics (IFR) show that speaking in terms of the global economy, robots are most extensively used in the automotive industry and in the associated productions which supply it. The use of robots is becoming extensive in the electrical-engineering and electronic industry which are quickly gaining up on the automotive industry as the global number of robots used in these industries has almost doubled in recent years. Mechanical engineering and the metalworking industry assume the third place when it comes to extensive application of industrial robots and their dynamic growth. Since these three segments are responsible for more than a half of the employment in the Czech manufacturing industry (ca 56 %), the intensity of robotic automation can be expected to

reflect in technological changes relatively soon and influence the demand for workforce. It can be especially assumed that requirements for work performance and adequate knowledge will change, as well as the ability of workers to handle expensive modern technology and modern information systems.

Besides industrial robots, there are service robots for professional use. This, however, does not need concern only automation and robotic automation using physical robots, something most people think of when they hear these terms, but also automation and robotic automation of administrative activities (marketing, public relationships, news reporting, account keeping).

6.3 Sharing economy

Over the past decade, sharing economy has been booming all over the world, its growth encouraged primarily by the use of information and communication technologies which facilitate a fast, effective connection between a varied demand for services or products with an adequate supply. Simultaneously, digital technologies give market access to a very wide range of interested parties who are willing to provide the stated services, from professionals to amateurs. It is no longer solely about sharing unutilised capacities of personal property, long-term (e.g. cars or flats) and short-term (e.g. tools) consumption objects, or one's free-time capacity. Under the umbrella of the so-called sharing economy, commercial targets and business are increasingly dominating. The term *sharing economy* is thus no longer entirely accurate, though it remains in use.

It is not exactly extensive but in some segments, especially in housing and transport, it has acquired a significant share of the market, quickly entering other industries. This concerns not only low-skilled services such as personal or domestic services, but also high-skilled services such as ICT, consulting, education, designer and architectural services, etc.

Czechia's sharing economy environment is still less developed than in other developed countries. The range of offered services is rather small and dominated by accommodation and transport services, though domestic craft and certain expert services are beginning to develop. Nevertheless, these are not distributed across the Czech territory equally; instead they are concentrated in big cities. Moreover, the largest platforms arranging sharing economy services are foreign-based. In the future, however, we can expect the development to be as speedy in Czechia as in other countries and sharing economy to spread into more industries, affecting an increasingly larger segment of the labour market.

6.3.1 The role of platforms; services arranged through them

Services provided by on-line platforms can have a rather broad scope, including a wide range of activities: from the provision of preliminary or pre-contractual information and contractual terms, handling of payments or complaints to the granting of access to remedial mechanisms considered to be relevant from the perspective of customer protection, or trust-building tools such as evaluation systems of reputations, identity verification, or insurance.

As a part of the pre-transaction stage, platform services create terms to allow users to easily and effectively use the platform environment. This includes support during the process of signing up on the platform; creation of a trustworthy environment e.g. through a system of mutual evaluation; verification of users' identity; or information on rules or safety of transactions. From the perspective of customer protection, platform activities during this

stage should facilitate an improved transparency and decision-making based on trustworthy information.

In the transaction stage, services include the definition of manner and conditions in and under which the transaction itself is being realized. This can include rules regarding transactions (i.e. contractual terms), price setting systems, and payment facilitation. Considering consumer protection, platforms should ensure payment security and a clear set of rules governing transactions.

Regarding post-transaction services, platforms focus on user monitoring (e.g. identification of professional businesspeople or fraudsters), handling of complaints, facilitation of contact between participants in the case of complaints, and searching for, arranging, or offering conflict resolution and remedy. This may also include tax collection services on behalf of partnered providers, or help with tax returns. From the perspective of consumer protection, it is necessary to have clear information on all terms and possibilities set for the transaction conclusion stage, including rules concerning liability and resolution process in case any problems arise regarding transactions between parties or within relationships between parties and the platform (including e.g. repeated use of data by the platform).

Ways in which online platforms cover their costs and profit from their services may vary depending on the range of provided services and their professional difficulty. Most often, they are the following:

- transaction fees: fees for transactions arranged through the platform, charged to one or both parties to the transaction (consumers or providers);
- subscription fees: fees charged periodically by the platform to the parties for granting them access to the services;
- additional service fees: fees charged for elective additional services by platform besides or with transaction fees, such as ad/information highlighting, professional photography, identity verification, delivery, insurance;
- advertising: revenues from third-party ad content on the platform by means on banners, native advertising, etc.;
- subsequent data use: revenues from sharing or selling the data of clients/transaction parties to third parties. Platforms' terms of business often stipulate their clients agree to the sharing of their data with third parties, most frequently for the purposes of marketing;
- other: other revenue can be sourced from e.g. cancellation fees, customer hotline fees, B2B services, etc.

According to a European Commission study, platforms get most of their income from advertising (53 %). Nearly a third of platforms profit from the selling of data, a third (34 %) use transaction fees, 21 % participation fees, and 12 % additional services. Most platforms combine these sources.

6.3.2 Types of business models implemented by platforms

Depending on the scope of services being provided, there is a large number of various business models being used in a sharing economy, with new ones being constantly created. The following can serve as a general approximate classification, evaluating platforms' rate of

intervention and inspection of transactions implemented through them. According to a European Commission study, there are three types of platforms, depending on whether they a) only host offers; b) actively administer transactions; and c) manage payment transactions.

6.3.3 Labour market platforms

The labour market created by the sharing economy (also known as a digital or collaborative labour market) is a heterogeneous, little mapped area.

Not all elements/segments of sharing economy have equal significance in their relationship to the labour market. Naturally, those which make it possible to directly arrange the performance of work play the most important part. Nevertheless, even those platforms whose primary goal is not arrange work can have a significant effect on the labour market, especially in cases where the providers using them become professionalised. As an example, let us mention Airbnb, a platform which helps its users let their private real estate, entirely or in part. At first glance, it may seem as though this platform's impact on the labour market is small. Airbnb itself, however, admits that many of its hosts do not use the platform just as an occasional source of additional income from letting their own flat/house; instead, they let a number of private unoccupied pieces of real estate, running a kind of a "mini-hotel". This arrangement requires various types of work (cleaning, maintenance, accounting...) which may be done by the letter themselves, though usually another person(s) is hired for this purpose.

Other platforms can have an additional influence on the labour market. In many cases, the real nature of this influence is still difficult to estimate. As an example, let us mention platforms which facilitate the sharing of sources and infrastructure for the performance of work, promote co-working, etc. (such as ShareDesk which connect unused office spaces to those who need a temporary workplace or a place to hold a meeting or workshop).

The type of activity being implemented/shared is the basic measure by which sharing economy platforms are distinguished in their relationship to work—sharing economy concerns either the arrangement of goods, services, or a combination of both. The bigger the component of goods, the smaller the share of labour. Digital platforms which establish connections between providers/workers and users/clients are always virtual in nature but the work they arrange can differ in type. The following measures by which the work provided by platforms can be distinguished are used most frequently: (i) the activity's location, and (ii) the level of required skills.

This differentiation is relevant for regulation since it plays an important role when it is being decided whether an individual is actually a self-employed supplier or rather a worker who is incorrectly classified as a self-employed supplier. Low-skilled work may imply that a service provider is an employee, not self-employed. Meanwhile, high-skilled work is likely performed by independent suppliers.

Resources needed in order for a service to be implemented are another measure used for the classification of labour market platforms.

6.3.4 Earnings in a sharing economy

Comparing earnings between a sharing and traditional economy is a relatively complicated task. Available data is very limited and fragmented. Moreover, choosing a relevant method of comparison is complicated as well. Most platform workers are independent agents,

businesspeople paid for performing individual tasks. Thus, their earnings depend on the number of performed tasks and unit prices. At the same time, there are big differences in the remuneration models implemented by individual platforms, in types of activity performed by workers of various platforms, and in the rate of their activity.

One of the key aspects of work done through sharing economy platforms is the fact that any remuneration of workers or even their ability to provide a service at all largely depend on systems of evaluation and ratings instituted by the platforms. It is thus crucial that these systems function clearly, fairly, and in a stable manner.

6.3.5 Social dialogue in a sharing economy

Since the sharing economy labour market comprises (according to the current legislative understanding) primarily the self-employed (OSVČ) who provide services to private clients, the role of social partners in a sharing economy has yet to be defined. Nevertheless, some are of the opinion that relationships between entities and groups in a sharing economy can be, to a certain extent, compared to traditional industrial relationships regulated via the role of social partners and mechanisms of collective bargaining. Online platforms may not formally be employers to their workers, but the function they perform in their relationship to them is to a great extent analogous to the function and role employers hold in a traditional economy. A frequent example of this is the transportation segment (dominated by the Uber platform). The platform's individual workers (officially self-employed) are in a position which is similar to that occupied by workers in traditional businesses. In a traditional business sphere, the position of workers is protected by a legislative framework and collective agreements. Such a segment is essentially absent in new segments and for new types of work, or it is not clear how and to what extent an existing framework should be applied. Effecting a social dialogue and collective bargaining is complicated for the following reasons:

- Workers who work through platforms and the platforms themselves frequently have a vague status, one that is not defined in relation to an existing legislation (e.g. whether or not a worker is a businessperson or whether the platform is an intermediary or employer);
- Usually, neither platform workers nor platforms themselves are members of union organisations or employer associations;
- Both platforms and their workers may find it difficult to unite as there is no framework for holding talks.

Literature often mentions the risk of there being a certain imbalance in these quasi-industrial relationships, with platforms having significantly more power compared to the options of their workers. Only when a platform works on a purely demand (client) principle and simultaneously has a large number of workers is it possible to push workers into an unfavourable position and shift more stress and pressure onto them.

6.3.6 Precarious work

Due to the current insufficient legislation and the above-mentioned unclear labour relationships, new forms of work introduce a number of risks to working conditions, social protection, and income of involved workers, representing a high risk of precarious work. Atypical forms of work, especially fixed-term work (and until recently also self-employment), have long been spreading outside the Czech labour market's platform economy. Public sector

activities should ensure access to employment, covered by labour legislation and social insurance of all groups of workers. Besides the issues discussed below, it is also necessary to monitor the risk of weakening the possibility of collectively enforcing employee rights.

In regards to sharing economy platforms, there is a risk that “entrepreneurship” of individuals who provide their services will often not be a de facto free choice made to implement one’s own business plan, rather a result of circumstances where the person in question tries to secure an adequate income and has no other option, especially where a large number of simpler (cheaper) activities or tasks done for multiple different platforms or customers is concerned. Such people will be increasingly threatened by the risks associated with precarious work, including decreased access to education, career growth, health and social care, and lower possibility of securing an adequate income in old age or of defending one’s own rights (inability to be involved in unions), etc.

Some negative aspects of the platform economy and their consequences have already been well-known to traditional economies. For instance, Uber calls its drivers “partners”, a typical sign of the so-called “bogus self-employment”. Under these circumstances, workers are expected to constantly present themselves as valuable “goods” to a wide range of customers and offer to perform individual services upon being selected by a customer as though from a “catalogue”, while de facto trapped doing precarious, sometimes even stigmatised work with no opportunity for further growth and development.

6.3.7 Future development

At the moment, sharing economy is a phenomenon which attracts a lot of attention, both from the media and public, and from experts and the public administration. As an area, it is as of yet poorly institutionally identified, suffers from a lack of complex mapping or available reliable data, and its terms are vaguely defined. Still, there has been a substantial number of various studies concerning this topic, especially in the past ca 2–3 years, some of which are even supported by results of empirical surveys. Usually, however, these surveys are merely partial and affected by a disunity of definitions and an uncertain comparability. Such an increase in attention paid by the public administration and academia is only natural as sharing economy platforms grow and constantly spread into new regions and areas of the economy.

Still, besides its many opportunities, a sharing economy brings significant risks to the labour market which should be observed attentively. Currently, there are already clear uncertainties and problems faced by the workforce participating in online platforms. In the future, they may greatly intensify and new issues will likely arise, in need of solving. In this context, we must add that the Czech legislation is not ready to deal with a sharing economy in a number of respects. A legislative framework will need to be formed or the existing one will need to be expanded so that it covers the current and future business models based on sharing economy, transparently and if possible without any excess regulatory burden.

A new (expanded) legislative framework should include primarily the following:

Protection of labour: Worker rights should be protected and secured equally, regardless of the context in which work is being performed. In this respect, it is crucial that legislation generally differentiates between dependent work and self-employment and that equal rights are ensured to all who perform dependent work, including access to adequate social security, possibility to associating and being represented in a social dialogue, right to adequate working conditions, protection against discrimination, etc.

Protection of the market and state: The state should ensure equal legal business conditions for everyone, especially in terms of legislative and tax duties. In this respect, it is necessary to identify or create mechanisms which define the status of online platforms in relationship to labour legislation (whether and in which cases an entity is an employer or a mediator), or to regional and sectoral conditions (licences, etc.), establishing mechanisms for the related obligations to be adequately enforced. Unequal circumstances can be corrected by regulating newly emerging business models more intensely, or loosening the regulation governing traditional models. What is important is that a balanced, effective approach is chosen to contribute to an eventual improvement of services without needlessly limiting market innovations; appropriate solutions may be different in individual sectors. Therefore, such a decision-making process should be supported by an erudite, expert discussion which takes into consideration both the views of experts in the given segment, and those of law and the public administration.

Protection of consumers: According to surveys, customer satisfaction with products/services provided through online platforms remains relatively high, even higher than is the case with traditional services. Still, more than a half of consumers has encountered problems. Logically, this danger will grow as the scope and range of services being provided grows. It will be necessary to ensure that consumer rights in the sharing economy environment are protected in the exact same manner as in a traditional economy. What is crucial is to adequately define *consumer* in the platform environments where this role is frequently unclear, and create mechanisms for maintaining quality which the service provider or seller will have to ensure, or mechanisms that give public institutions the option of quality inspection. In order to set a legal and regulatory framework governing the operation of platforms, it is vital, in respect to consumers, to ensure transparency of transactions made via on-line P2P platforms, including clearly defined rights and obligations of transaction parties. Furthermore, it is necessary that platforms are required to be liable for the online transaction process, as well as for the reliability and trustworthiness of evaluation systems, reviews, and information about the identity of participants.

Essentially all available studies agree on a general assumption that the sharing economy share will experience a marked growth in the future. However, platforms do not develop equally across segments of the labour market. It is evident that some industries are better-suited for their emergence and development while others lack opportunities for such a development or have not discovered them yet. Local services such as transportation, hospitality, accommodation, or arts/entertainment are among the segments where a significant growth of sharing economy is very likely to occur in the immediate future.

6.3.8 Regulation of the sharing economy

When thinking about setting an adequate framework to make it reflect the operation of new relationships in the sharing economy from the perspective of their impact on the labour market, it is a good idea to first and foremost realise what about the rather varied environment of the sharing economy should be regulated and why. If regulation is required in certain segments of the sharing economy, the question remains what its scope and intensity should be; how regulations and conditions should be set so that they do not prevent the provision of new forms of service from developing, and at the same time ensure equal access and necessary protection of both recipient and provider rights; whether conditions and regulations governing the new forms of the provision of services and work under the umbrella of the sharing economy should be the same as those concerning the existing

standard forms of business and work, or whether these two segments should be distinguished or unified by legislation.

Regulation should also prevent negative externalities, i.e. social costs which are not reflected in the price of transaction and thus are not borne by any of the parties to the transaction relationship in the sharing economy. Nevertheless, speaking both long- and short-term, this will reveal itself to be an additional expense that needs to be settled from public resources. This may occur in the case of e.g. a default on fees due to local budgets, tax evasion, or default on social security or other indispensable costs.

6.3.8. Status of platform workers / protection of equal worker rights

Most of the adopted regulatory measures against the sharing economy have so far targeted mostly taxation or sectoral conditions of entrepreneurship. What has enjoyed less attention is the issue of equal conditions for all categories of workers, i.e. issue of differentiating between dependent and independent work and the associated possibilities of identifying actual entrepreneurship/self-employment as opposed to bogus entrepreneurship/self-employment.

The role of individuals who provide services under the umbrella of the sharing economy can be informed by the following facts:

- whether said individual is (a) merely a *citizen* who provides their free time (or work) capacity through sharing (as a e.g. courier, repairman) or uses their own car for the purpose of occasional transport (e.g. for Uber) or takes passengers while going for a planned journey (Blablacar) or provides a free room, summer home, or flat for the night (e.g. Coachsuring);
- or whether this is a (b) *businessperson* as per the effective legislation (especially if they carry out their activities frequently. In that case, a threshold value of the provided service's scope and frequency would need to be established); or whether (c) another work role category needs to be created for this type of sharing.

From a legislative point of view, it is especially important to assess whether an activity constitutes entrepreneurship in the usual sense of the word, one which is governed by a relevant legislation (tax, professional, labour, safety, or any other statutory conditions governing the performance of activities), or whether it is in fact the sharing of surpluses. A study conducted by the Government of the Czech Republic lists the following factors as a clue to facilitate this differentiation: i) frequency of services; ii) motive, i.e. whether an activity is being done for profit or to merely recover costs; iii) sales amount.

6.3.9 Social security

The issue of the status of platform workers is closely related to the issue of their access to social security. Most European countries have vast social security systems governed by public administration bodies which grant social benefits to the society as a whole or to specific groups. Social security systems are often funded from mandatory contributions paid by employers, employees, or both.

Social security benefits are paid out in order to promote a population's health and good living conditions, especially in time and case of vulnerability. Usually they include benefits paid out in times of sickness, unemployment, maternity / paternity, invalidity, occupational disease or

injury, in old age (pension), to support families, etc. Some social security benefits are available to all citizens. Others apply only to those in employment, i.e. employees.

Platform workers typically enjoy a lower (or no) level of labour protection and often do not contribute to the social security system. Relevant laws and the level of platform workers' social protection are unclear, chiefly due to the workers' uncertain status (i.e. whether they are in employment, or not). Since platform workers are not, legally speaking, employees in most cases, they are forced to rely on systems applicable to the self-employed.

Another significant issue in this respect is that sharing economy workers are not always aware that they might not be enjoying the same social protection rights as employees, a situation which can catch them unawares later in life. Therefore, it is crucial to communicate this information to everyone concerned. Nevertheless, it must be noted that most of the affected workers use sharing economy as a source of extra income and are included in the social security system on account of their main employment. In the future, this could change and it can be assumed that the number of workers whose main and sole income comes from various working platforms will rise.

Although social security systems differ greatly across countries, as do the benefits to which employees and the self-employed are entitled, it is usually true that the self-employed do not have such a robust access to social security as employees do. Problems with social security in the context of the sharing economy arise e.g. in Canada. On one hand, platform workers are not obliged to pay into the system. On the other, though, they enjoy no access to the key aspects of the social security network, including employment insurance (EI) and the Canada Pension Plan (CPP). CPP is a universal system available to all Canadians, remaining in place regardless of changes in employment. Considering the growing numbers of people in non-standard employment, expanding these universal systems may be an appropriate strategy to improve the protection of all.

6.3.10 Social dialogue

Although, as already stated, sharing economy platforms prevent established mechanisms of collective bargaining from being used as there is no employer-employee relationship, there are still current examples of similar processes where platform workers associate and create a joint representation to negotiate with platform representatives.

Nevertheless, it must be noted that none of the EU member states gives priority to labour relationships and social dialogue in the sharing economy. Most countries have not held a real national discussion about the subject, nor have any government initiatives been adopted, suits contested, or legislative and regulation responses made.

As collective agreements have a significant impact on the management of many aspects of the labour market, it is likely that labour relationships and social dialogue will gain in significance. The size of the sharing economy will certainly be a deciding factor. If it crosses a certain threshold, social partners will no doubt also represent workers who work new, highly flexible forms of employment, generally speaking workers in the sharing economy. In this respect, it is important to note that platform workers currently carry out activities under the umbrella of the sharing economy as a side job while having a main employment on behalf of which they are usually represented in the current system of social negotiations. In the future, depending on the growth of the sharing economy, this may no longer be true. Thus, these questions must be addressed now.

7. Groups of workers increasingly endangered by the ongoing changes in the labour market and nature of work

7.1. Risk of discrimination of women

Compared to other EU countries, women-mothers and especially women taking care of small children enjoy a very unfavourable position in the Czech labour market. Although Czechia has been struggling with worker shortages in recent years, the employment rate among women with small children is one of the lowest. Analyses show that the working and intellectual potential of women with small children is not being fully harnessed. There are many reasons for this, two of them likely crucial: surviving stereotypes about the societal role of women, and an inadequate use of tools meant to balance one's private and professional life.

There are many tools for improving the position of women-mothers with small children in the labour market, available both to the state and employers. Thus, a closer mutual cooperation of those representing the government, the private sector, and union organisations is advisable.

The state uses a variety of tools to implement its family policy, primarily maternity and parental leave, maternity benefits, parental benefits, and supplementary benefits paid out during parenthood and maternity. The length of maternal and parental leave, however, constitutes a significant issue as these can last for up to four years (one of the longest periods of leave when compared with other EU countries). Frequently, women go on a subsequent maternal and parental leave if they have another child. This leaves them outside the labour market for a very long time. Considering the current fast changes experienced in business (new technologies, production processes, or changes in management systems, nature of jobs, and worker requirements, etc.), women-mothers frequently do not have the required competences (skills) as their expert knowledge is outdated and does not meet current requirements. A lack of preschool facilities and the associated social services which would be affordable to most families is another problem. In combination, these two factors make it very difficult to return to the labour market.

In the business sector, an insufficient offer of flexible forms of employment seems to have been the biggest problem so far, although the situation has slightly improved in the past few years. At this time when the Czech labour market has much more vacancies than job applicants (in July 2019, the Employment Office registered 366,563 vacancies and 205,120 job applicants), businesses strive to stabilise their employees, retain talented individuals, and attract new employees. Besides higher wages, recruitment fees, a wide range of benefits, opportunities for education, and career growth, there are other significant tools for achieving this, chiefly alternative forms of employment (reduced working time, shared workspace, remote work, etc.). Many businesses are also becoming increasingly aware of the "hidden", so far underutilised working potential of women-mothers. Especially large businesses establish their own nurseries and create special programmes with the goal of maintaining (social, occupational) contact with their female employees when these are taking a maternal or parental leave, and eventually of facilitating their easier return to work (the labour market).

Practical experience has shown that a higher flexibility is associated with higher work productivity. In Czechia, however, new flexible forms of employment are insufficiently

defined in the Labour Code to promote the skill of older employees and improve their employability.

- ✓ Stricter regulation combatting discrimination of senior workers in the labour market (discrimination on account of age is still the most common form of discrimination in the labour market!);
- ✓ Support of flexible forms of employment;
- ✓ Preparation of a pension reform and its implementation.

7.2. The young and graduates in the labour market

Young people in the labour market, including graduates, are one of the highest-risk groups in the labour market. Currently, the situation in the Czech labour market is atypical—whoever is interested in having a suitable job will find it sooner or later. In cooperation with the Employment Office, the Ministry of Labour and Social Affairs uses a number of tools to improve the chances of finding employment (i.e. the Guarantees for the Young programme).

Practical experience has shown that the biggest shortcomings among graduates include inability to apply their theoretical knowledge to real life, solve problems contextually, critical thinking skills, team work, and presentation skills. Many also lack the so-called soft skills which fall under the behavioural category and are associated with social and emotional intelligence. Their language skills are also insufficient. They frequently take a passive approach to things (expecting to be taught everything necessary by the employer; there is a lack of active interest in new things), and a low level of responsibility, combined with big expectations.

Many of these problems can be resolved by instituting principles of dual-education in the education system (on the high-school and college level). This is also related to the necessity of reforming the entire Czech education system.

The young and graduates in the labour market. Young people in the labour market, including graduates, are one of the highest-risk groups in the labour market. Currently, the situation in the Czech labour market is atypical—whoever is interested in having a suitable job will find it sooner or later. In cooperation with the Employment Office, the Ministry of Labour and Social Affairs uses a number of tools to improve the chances of finding employment (i.e. the Guarantees for the Young programme).

Practical experience has shown that the biggest shortcomings among graduates include inability to apply their theoretical knowledge to real life, solve problems contextually, critical thinking skills, team work, and presentation skills. Many also lack the so-called soft skills which fall under the behavioural category and are associated with social and emotional intelligence. Their language skills are also insufficient. They frequently take a passive approach to things (expecting to be taught everything necessary by the employer; there is a lack of active interest in new things), and a low level of responsibility, combined with big expectations.

Many of these problems can be resolved by instituting principles of dual-education in the education system (on the high-school and college level). This is also related to the necessity of reforming the entire Czech education system. It is a very broad subject which exceeds the scope of this study.

7.3. Discrimination on account of age

Discrimination of elderly workers in the labour market.

Due to demographic shifts, the position of elderly workers in the labour market will become more stable. By 2050, the number of people aged over 55 will grow by more than a half, reaching 500 million. A quickly aging population, however, means that social and healthcare systems will be put under more pressure. It also endangers the financial stability of pension systems. Countries, including Czechia, should therefore offset large costs by increasingly involving the elderly in the labour market—positive effect on the GDP and tax income. Data shows that Czechia is not fully harnessing the potential of elderly workers. The government promotes the employment of workers over 50 by using tools of active employment policy, as well as the ESF programmes. In this respect, it can be recommended to:

- Create financial incentives for workers so that they remain economically active even after reaching the official pensionable age;
- Support lifelong education and professional preparation to improve the skills of elderly workers and their employability;
- Hardening regulation combatting discrimination of elderly workers in the labour market (discrimination on account of age is still the most common form of discrimination in the labour market!);
- Support flexible forms of employment;
- Prepare and implement a pension reform.

Within its active employment policy, the Czech state has long focused on job applicants aged 50 and above. Support for the employment of this age group is a priority both for the Ministry of Labour and Social Affairs and the Employment Office. For example, the Employment Office currently implements the *POVEZ II* project which aims to promote lifelong education. With this project, employers can get financial funds to improve the professional knowledge and skills of their current and future employees. The funds are available to any age group, but primarily support employees aged 54 and above. The goal's project is to strengthen the competitiveness and adaptability of businesses by enhancing the human capital of their employees (especially their professional competences). Many regions also use the *European Social Fund* (ESF) to implement projects with the intention of prolonging the active participation of people over 50 in the labour market and of addressing the issue comprehensively (e.g. Šance pro padesátníky in the Plzeň Region, Aktivní v padesáti in the Hradec Králové Region, PLUS in the South Bohemian Region, Podpora zaměstnanosti osob 50+ in the Moravian Silesian Region).

In 2014, to address the increased unemployment rate of the young, the Ministry of Labour and Social Affairs, in cooperation with the Ministry of Education, Youth, and Sports and social partners, adopted the *Guarantees for the Young* programme. The Employment Office is the project's main implementer as it provides the following to the young (www.mpsv.cz):

- consulting to identify personal and qualification aptitude;
- help with searching and arranging employment;
- benefits for employers to create jobs, internships, and professional practice;
- benefits to promote self-employment;
- professional preparation and retraining;
- unemployment benefits, retraining support, etc.

The programme is co-funded from the European Social Fund as a part of the Operational Programme Employment.

8. **The role of minimum wage in the changing labour market**

(Role minimální mzdy ve 4. průmyslové revoluci, Trexima 2018)

Minimum wage is instituted in most developed countries to correct price conditions in the labour market. It has become a tool to combat the polarisation of workforce and the issue of the working poor, i.e. people who meet the criteria of poverty or material deprivation despite participating in the labour market. Nevertheless, minimum wage can influence only the position of those who are active in the labour market (i.e. employed). In recent years, in connection with digitisation and automation, there have been discussions about the changing role of the labour market's traditional institutions. No doubt, the minimum wage has been one of these institutions for decades.

In connection with digitisation and automation, gradual changes have occurred not only in the structure of the workforce, but also in the demands placed upon it. Workers—if they wish to remain in the labour market—will need to devote more time to improving their education and qualifications. At the same time, they will be forced to make peace with having to frequently change jobs, across industries. This will be a challenge primarily to older employees who tend to spend their entire careers working a single job, enjoy employment security while working in the public administration or its equivalent in the private sector.

However, the fourth industrial revolution not only changes job descriptions, but also allows us to approach work in an entirely new, unprecedented manner. New forms of employment are being developed, ones which cannot be timely addressed by national legislations due to their fast emergence. The benefits and drawbacks of new forms of work are more or less subjective and the bridge connecting them very fragile. Generally speaking, though, new forms of work are associated with the risk of precarity. In this respect, precarity consists of uncertain work and difficult enforceability of rights enjoyed by traditional employees, e.g. claims granted by social systems.

The growing rate of digitisation and automation will also be reflected in remuneration changes. A potential wage decrease is a frequent subject of discussion, though foreign research suggests a mutual relationship between remuneration levels and a rate of automation. Thus, minimum wage plays an important part here as well—a growing minimum wage influences the level of personal costs. As a result, investments in technology may become economically more beneficial for specific businesses than they used to be a few years ago. On the other hand, higher requirements concerning the qualification of workers, caused by an increased automation, are reflected in rising levels of remuneration. The relationship between remuneration levels and modernisation of production should be evaluated in its entirety since polarisation regarding the structure of workforce is closely related to growing differences in its remuneration levels.

Minimum wage can perform its function only if its amount is set optimally and if it simultaneously undergoes a stable predictable growth in the long-term. But establishing an optimal level of the minimum wage is a difficult task as it is not possible to perfectly balance both of the essential functions of this tool, from the perspective of employees and employers. Through its social-protective function, minimum wage should guarantee such a level of

income to their employees as to make sure they do not drop under a socially acceptable threshold due to their earnings. And thanks to its economic-criterial function, people should be motivated to work and not receive welfare. On the part of employers, minimum wage should eliminate dumping due to cheap workforce, as well as unfair competition facilitated by excessively low wages.

8.1 Low-paid work

Minimum wage does not have just a protective function; it can also influence the structure of jobs in an economy. In this respect, though, the effect of the institute of minimum wage will become apparent only in the long term. Additionally, it cannot be always distinguished from other factors. Speaking of influence on the structure of economy, a fundamental motive behind the process of increasing minimum wage lies in the assumption that a higher minimum wage eliminates the presence (or even creation) of low-quality, low-paid jobs and instead supports the creation of jobs performed by workers with higher (or required at the moment) qualifications.

In the last few years, Czechia has held discussions about the minimum wage amount and its connection to the productivity of work, or even to the structure of economy from the global perspective. Since minimum wage has gone through several hikes in recent years, the main goal of this chapter is to show the consequences of this development in terms of the number of workers receiving low wages. In other words, this chapter will deal with the structure of low-paid jobs, evaluating the effect of the minimum wage.

8.2 Employees receiving a minimum wage

The percentage of workers receiving the minimum wage reflects the situation in the Czech labour market in terms of the percentage of lowest-paid jobs. It approximates the situation in individual segments of the Czech economy in 2017. Most jobs with the least possible remuneration for work performed could be found in accommodation and food service activities (section I of the CZ-NACE classification). Here, over a fifth of workers received the minimum wage. This industry's position did not improve even after many measures related to financial administration (e.g. cash registers) were adopted. Thus, it can be assumed that workers in this segment still receive a part of their wages illicitly; otherwise, the Czech labour market would have suffered from a great imbalance and workers should, as per economic theories, take better paid jobs. This means that the number of workers receiving the minimum wage is much lower even in industries characterised by a high percentage of low-skilled workers.

In terms of employee remuneration, industries (and their position in the national and global economy) as well as the size of economic entities play an important part. That is because large economic entities can have bigger economies of scale which is why they are characterised by higher work productivity. This allows them to give their employees better wages, unlike small businesses. Moreover, the more advantageous position of large economic entities is reflected in respect to the minimum wage. As an economic entity grows, the number of employees receiving a minimum wage decreases. In Czechia, while approximately 1 % of workers employed in businesses with 50 workers and more received the minimum wage, the percentage was 18 in businesses with fewer than 10 workers. Therefore, the more advantageous economic background enjoyed by large entities has a positive effect in regard to the remuneration of employees.

In relation to the percentage of employees receiving the minimum wage, determined by industry, a relationship between the structure of education in individual industries has been proposed. This view expands on and proves the notion that the number of people receiving a minimum wage decreases with education. While only every 52nd employee in the group of college-educated workers receives the minimum wage, it is paid to every 11th employee in the group of workers with elementary education.

The effect of completed education is clear even in the structure of people receiving the minimum wage as per the main CZ-ISCO classification of occupations. The lowest acceptable remuneration is most often paid to ancillary and unskilled workers (grouping no. 9 of the CZ-ISCO classification). In 2017, 15% of ancillary and unskilled workers received the minimum wage. In the same year, an above-average percentage of workers receiving the minimum wage was identified among service and sales workers (grouping no. 5, with minimum wage workers constituting 9 %), skilled agricultural, forestry, and fishing workers (grouping no. 6, with minimum wage workers constituting 6 %), and clerks (grouping no. 4, with minimum wage workers constituting 5 %).

Jobs requiring the highest qualifications are the least likely to pay out the minimum wage. Thus, occupations with a low percentage of workers receiving the lowest acceptable remuneration include, in Czechia, managers (1st grouping), professionals (2nd grouping), technicians and associate professionals (3rd grouping), craft and related trades workers (7th grouping), and plant and machine operators and assemblers (8th grouping). Here, the low percentage of workers receiving the minimum wage is influenced not only by the condition of the Czech economy, but also by the existence of guaranteed wage (i.e. a statutory lowest price of work considering its complexity, responsibility, and strenuousness—see Section 112 of Act No. 262/2006, Coll., Labour Code).

At the beginning of the monitored period (i.e. from 2010–2012), the decrease in number of people receiving the minimum wage was affected by several factors. During the economic crisis, low-skilled workers or low-experienced workers receiving the minimum wage were the first to be laid off. Stagnation of the minimum wage, however, was another, no less important reason. In the Czech economy, wages steadily increase even when the minimum wage does not. This was reflected in the decrease of the percentage of people receiving the minimum wage. Nevertheless, said phenomenon only conceals the fact that these workers are still trapped by low earnings despite no longer receiving the minimum wage (see the following section on low-income workers).

In recent years, a lack of skilled and unskilled labour has frequently been mentioned in relation to economic development. The labour market in Czechia is exhausted as evidenced by the record-low unemployment. In times of lacking workforce in the labour market, the necessity of foreign workers is emphasised. The arrival of foreign workers is an ad hoc response to the current situation of the Czech economy. On one hand, this resolves the lack of workforce, though on the other it does not constitute a systematic solution in terms of changing the structure of the Czech labour market to accommodate better, higher-skilled occupations. Above-average numbers of workers receiving the minimum wage were identified among Bulgarians, with 6 % of Bulgarian workers employed in Czechia in 2017 falling under this category.

The situation with workers of Polish or Slovak nationality is entirely the opposite. It has been shown that workers with these national backgrounds migrate mostly to earn +higher

income—nevertheless, migration is worthwhile mostly for medium- or high-skilled workers (unlike Ukrainian or Bulgarian workers who fare economically well in Czechia even when performing unskilled work, regardless of their original qualifications). This is further reflected in the low percentage of people receiving the minimum wage among Polish (3 %) and Slovak (4 %) workers.

Results for 2017 show that 20 % of employees in Czechia received low earnings, meaning that the percentage of low-earning people is 5 times bigger than that of those receiving the minimum wage (4 % in 2017). This confirms that no analysis based only on the number of people receiving the minimum wage can paint a complete picture of low earnings.

With higher education, the percentage of people receiving wages which are lower than two thirds of the median wage decreases. In 2017, 7 % of college-educated workers, 16 % of workers with high-school education and a matura, 29 % of workers with high-school education without a matura, and 40 % of workers with an elementary education or early-school leavers in total received a gross monthly wage lower than 17,895 CZK. In this regard, investing in higher education will pay off in Czechia as well since low wages do not adequately motivate the constant personal growth necessary for a healthy social development of society as a whole.

8.3 Poverty threshold and net minimum wage

In Czechia, discussions about the role of minimum wage are influenced by the political cycle and selection of indicators which are then used to judge the minimum wage's effectiveness. Currently, there is no consensus on whether or not the impact of minimum wage should be evaluated using only quantitative indicators, or if a set of qualitative indicators should be included in the evaluation. Regarding both quantitative and qualitative indicators, though, it is necessary to resolve the so-called adequacy issue where economic (often vague) problems require a counterpart in the form of a statistical index during the process of a model's verification. This statistical index, though, might not be (and often is not) fully in line with the economic term and authors are forced to handle the so-called adequacy issue. This is frequently neglected when indicators are selected. Qualitative indicators are—usually with little justification—considered to be of lesser quality, even though quantitative indicators can also fail when it comes to their ability to implicitly identify a studied issue.

Differences between a minimum wage and poverty threshold of an individual's household are thus much bigger than typical interpretations suggest. That is because it is not easy to quantify fairness as it constitutes a hard-to-measure sociological term. Moreover, the concept of equality is often mistaken for egalitarianism in the Czech circumstances.

8.4 Working poor in the European context

The very nature of the relationship between workers with the lowest incomes and the poorest households makes evaluating the social-protective function of minimum wage problematic. Those who receive a minimum wage often do not come from the poorest families and so poverty is not significantly restricted by a minimum wage being instituted. In fact, unemployment is the most typical cause of poverty.

This clearly shows that instituting a minimum wage does not improve the living conditions of the unemployed. In other words, efforts to eliminate poverty in a society cannot rest solely on

employment and the associated income. In this case, there is an increasing risk of discrimination as “help” in the form of a minimum wage aims at poor employees while neglecting the self-employed.

8.5 Fixed-term employment

In Czechia, fixed-term employment is one of the clearest forms of precarious work. In 2017, 8 % of employees were uncertain whether or not their employment would be extended. Women across all age groups are much more likely to be in a fixed-term employment.

Research suggests that the unfavourable situation of women is caused by the way the Czech society views family (and maternity). A frequent use of fixed-term employment contracts has a negative effect both on the economic and social standing of families. Thus, the role of a minimum wage is inarguable in this respect, primarily in regard to its social-protective function.

8.6 Employment term

Fixed-term employment is to a large extent related to shorter employment terms. A short employment term is a disadvantage in the labour market especially during an economic crisis (or if a specific business deals with economic issues at any stage of the economic cycle). It is associated with a lower (and in case of a fixed-term employment, if statutory conditions are respected, even no) severance pay due to an employee if they are let go for reasons on the part of an employer. Thus, employment term is also a disadvantaging factor for employees in the labour market and can, to a degree, contribute to the precarity of their position.

In 2017, 11 % of employees had spent less than 1 year in their current job at the time of research; 16 % had had their job for periods ranging anywhere from 1 to 3 years. This means that more than a quarter of workers, had held their job for a relatively short period of time and faced a greater threat than long-term employees. In regard to employment term, women are threatened more—30 % of women had spent fewer than 3 years in their job while the same applied to only 24 % of male employees.

8.7 Alternative employment contracts

Alternative employment contracts (i.e. agreement to complete a job and agreement to perform work) are frequently used in Czechia, but their immediate financial benefits are often offset by long-term disadvantages (e.g. minimum worker protection, limited access to the social security system, etc.). In 2017, more than 225 million hours were worked in the Czech private sector in this manner, an equivalent of 127 000 workers working full-time for a year.

8.8 Lack of collective bargaining

Generally speaking, employees who do not benefit from any collective agreement coverage have a worse position in the labour market—on average, they work more hours, receive lower remuneration, and have less-frequent employee benefits. These employees are also less aware of the rights they have in the labour market. Thus, a lack of collective bargaining may pose a risk to employees in the form of precarious work. Employees working in entities not covered by a collective agreement are more likely to belong to employee groups receiving a minimum wage.

8.8.1 Agency workers

Recruitment agencies can employ natural persons as members of their permanent staff, or provide their employees by temporarily assigning them to perform work with another legal or natural person (a so-called user). Agency workers are disadvantaged when compared to regular employees, a fact recognised by the Czech legislation. An employment contract, an agreement to perform work, or a contingent contract concluded by the employer (i.e. recruitment agency) with a temporarily assigned employee who submits it for the purposes of applying for a work permit, must contain a special clause where the employee agrees to the temporary assigning. As per the legislation governing agency work, a recruitment agency and user must make sure that the working and payment conditions of a temporarily assigned worker are not worse than those enjoyed by a comparable employee. If the working or payment conditions of the temporarily assigned worker are worse while the worker performs work for the user, the recruitment agency must ensure equal treatment upon becoming aware of this fact, regardless of any request made or not made by the worker regarding this manner. The temporarily assigned worker is entitled to demand that the rights granted to them during this process are satisfied by the recruitment agency.

Agency work is associated with many issues which then must be frequently handled by employers (recruitment agencies) themselves. This type of work is often sought-out by people facing a warrant of distraint who switch jobs in order to keep a full income. Thus, precarious agency work is connected with other, secondary aspects which make themselves felt through frequent changes of workplace. In this regard, it is necessary to analyse the motives behind agency work both in terms of the supply and demand in the labour market in order to prevent any unnecessary regulation of agency work if the cause of agency work lies elsewhere (and should be addressed, e.g. by amending the regulation governing distraints).

8.8.2 Involuntary entrepreneurship

Czechia has long had a population with the highest businesspeople to natural persons ratio. By the end of 2017, there were 233 businesspeople and 345 trade licences for every 1000 inhabitants of the Czech Republic. According to organisational statistics, 1,033,000 of private businesspeople-natural persons were carrying out activities in the country by the end of 2017. More than 922,000 of natural persons were doing business as per the Trade Act; 36,000 people in agriculture and 74,000 were in business as per other acts. More trade licences are given to men than women—in the fourth quarter in 2017, only 33 % of women owned a trade licence. Men dominate all types of trades with the exception of regulated trades, including among others optics, trading hobby breeding animals, accounting consultancy, day care provided to children of up until 3 years of age, massage, reconditioning, and regeneration services, or the operation of tanning salons (see Annexe 2 to Act No. 455/1991, Coll., of the Trade Act).

Although there are fewer female businesspeople in Czechia than there are male, in many cases women are forced into entrepreneurship by their family situation or their original employer. According to the Czech Statistical Office (2018), 22,000 people (i.e. 3 % of the businesspeople active in 2017) were made to become entrepreneurs by their employers. These people, however, are entrepreneurs only on paper; in fact, they remain subordinate to their original employer. The number of clients is another measure used to evaluate the presence of the so-called false self-employment. In 2017, more than 58,000 of businesspeople (i.e. 7 % of businesspeople as per the data from a sample workforce survey) had only one client. The income of 19 % of businesspeople (162,000 of people) was either entirely or 75 % dependent on a single client. Such problematic occupations where financial dependency on a

single client or pressure exerted by employers to turn employees into dependent entrepreneurs are common, include services and sales, construction, manufacturing, and professional, scientific and technical activities. Craftsmen, repairmen, and specialists are typical examples of threatened professions.

For the sake of completeness, let us add that 5 % of businesspeople (47,000 of people) were forced into business in 2017 because they could not find work as employees. An insufficient (or unsuitable) supply of dependent work is an ongoing problem encountered by employees in the labour market even at times when it does remarkably well. Despite this, the labour market's supply issues are currently being pushed into the background and attention is paid rather to problems occurring in regard to demand (i.e. on the part of employers).

Precarious work in the form of involuntary entrepreneurship is an issue which cannot be satisfyingly resolved by minimum wage as a primary tool. That is because the actual problem is the different taxation of employees and entrepreneurs where the main benefit produced by these differences is felt mostly by "original" employers.

8.9 Role of minimum wage

Even in a highly digitised economy, the institute of a minimum wage will keep fulfilling two basic functions: social-protective and economic-criterial. Minimum wage should still help protect employees from poverty and *"allow them to live while enjoying modest material consumption and social contacts."* Accordingly, minimum wage should be set to such an amount as to motivate employees to actively participate in the labour market. On the part of employers, it should prevent dumping and establish labour market conditions which are at least generally equal.

Pressure to increase wages (partly initiated by the growth of the minimum wage) will accelerate the digitisation and automation of production. But this relationship is mutual—a higher rate of digitisation and automation is reflected in higher wages (see chapter 5.1). However, the very nature of minimum wage prevents it from presenting a satisfactory solution and so other institutes and measures will gain significance—employment policy, collective bargaining, social security system, and most of all education system. In relation to an ongoing digitisation, we can expect the related problems to worsen.

In connection to the changing structure of the workforce, it will become necessary to address short-term losses of income of the employees whose field (or industry) loses significance and gradually ceases to exist. Minimum wage does not offer an optimum solution here either as it can help only those who are employed. For that reasons, alternative institutions in the form of unconditional basic income are beginning to appear, with the goal of providing a guaranteed income to all inhabitants and preventing the negative consequences of digitisation and automation associated with a potential rise in unemployment.

However, Czechia is a small open economy focused on exports which can further intensify the digitisation-related phenomena. In this respect, the institute of the minimum wage is already playing its part and its anti-dumping function should be strictly observed. At the same time, changes in the minimum wage should be predictable in order not to increase employer uncertainty in the global economy.

8.10 Minimum wage: summary

Czechia is a country where the fourth industrial revolution started relatively quickly. The local rate of robotic automation of industrial production may be lower when compared to the

leaders in digitisation and robotic automation, but the number of robots used in production is still above-average when compared to the rest of the world. Thus, the notional industrial revolution is already occurring in Czechia and so far it seems that its effect on the labour market is not as catastrophic as many studies used to predict. Higher requirements imposed on the workforce will inevitably be reflected in remuneration where one of the labour market's key institutes, namely minimum wage, will play a key part.

Even in a highly digitised economy, the minimum wage institute will keep fulfilling two basic functions: social-protective and economic-criterial. Minimum wage should still help protect employees out of poverty and motivate them to actively participate in the labour market. It should also serve as an ancillary tool to combat selected forms of precarious work.

In relation to ongoing automation and robotic automation, the security of workers who will be pushed out of the market by machines will need to be addressed. The possibility of unconditional income has been discussed for several decades, i.e. income paid by the state to all inhabitants without any limiting conditions. The idea is not only being studied by a number of theorists, but was also adopted by a substantial part of the political class in developed and developing countries. Foreign experience has shown that unconditional income can have a positive effect on worker motivation, increase creativity, and improve workers' sense of self-fulfilment in the labour market. It also strengthens the financial security of those struck by unexpected events, such as sickness or loss of employment.

Czechia is a small open economy focused on exports which can further intensify the digitisation-related phenomena. In this respect, the minimum wage institute is already playing its part and its anti-dumping function should be strictly observed. At the same time, changes in the minimum wage should be predictable in order not to increase employer uncertainty in the global economy. What should also be stressed is evidence-based policy—i.e. all decisions need to be based on relevant trustworthy information which is ideally supported by independent research.

9. New accents in social dialogue and collective bargaining

(„Nové trendy podporující roli a význam kolektivního vyjednávání“, J. Horecký 2020)

9.1 Factors influencing the level of social protection

Outcomes of collective bargaining primarily help improve the situation of employees covered by a collective agreement. Their secondary effect is the transference of benefits associated with social dialogue to other workers employed by economic entities who are not covered by a collective agreement. In many developed and developing countries, social dialogue works as a safeguard in terms of the observance of effective laws. It protects employees against excessive workloads and often helps determine remuneration (chiefly through the institute of minimum and guaranteed wage). With ongoing automation and digitisation, new problems have appeared in recent years which cannot be identified—and often even corrected—with traditional tools. Across industries, production is accelerating and range of products individualising which is reflected in stronger pressures placed on employees or in an increasing individualisation of jobs. Consequently, the description of traditional jobs is changing in the labour market, with new jobs and forms of work being created.

It is becoming clear that this is what union organisations should be focusing on in the future. For that reason, this chapter will identify the main problems and associated new forms of

mobilisation and other measures which might help balance the interest of employees and employers in the era of ongoing digitisation and automation.

9.1.1 The unemployment threat

According to the estimates of the Organisation for Economic Co-Operation and Development (OECD), fluctuation of employees in individual countries ranges from 9 and 32 %, i.e. at least a tenth and at most a third of employees will switch employers during the observed year or leave the labour market entirely—whether temporarily (e.g. to care for children, because of unemployment), or permanently (e.g. to go into retirement or receive invalidity benefits). From the overall fluctuation, 9–36 % of workers were let go for reasons on the part of the employer.

Naturally, most employees worry about this. Nevertheless, changing jobs is nothing unusual; in fact, it is a standard phenomenon in the labour market.

The risk of job loss (whether real or imagined) has lately been increasing as ongoing automation and digitisation introduces a variety of small and large changes which frequently cannot be predicted in the long term. Thus, preparing for them adequately is difficult. Many employees are also afraid of the unknown which is related to fears of one's failure in a highly digitised economy.

Therefore, collective bargaining should necessarily include a discussion on measures which would help lower individual employees' sense of danger, caused by the ongoing digitisation and automation, or close the intergenerational gap. In connection with the risk of job loss faced by employees, the following measures should be adopted and these forms of employee mobilisation supported:

Appropriate education system. Outcomes of employee surveys show that most employees are interested in receiving further education on new technologies. The current supply of educational courses, though, does not satisfy the needs of many employees.

Union organisations can, as a part of national social dialogue, strive to improve the overall condition of the education system. The current supply of education needs to be thoroughly examined with respect to the main target group (i.e. employees) and compared with the real needs of employees.

All over the world, union organisations struggle with decreasing memberships. Special educational programmes for union members could be a way of motivating employees to join union organisations.

Lessening the consequences of unemployment. In relation to the arrival of new technologies, pessimistic scenarios regarding high numbers of the unemployed are frequently mentioned. Economic theory does not support the idea of a permanently high, long-term unemployment, but a short- to medium-term upward trend in unemployment can indeed occur. This can be prevented with a mixture of ex ante measures, though the quality of formal and informal education (as well as the speed and quality with which the education system responds to new stimuli associated with digitisation and automation) will keep playing the most important part.

Unconditional basic income is defined as a regular universal payment due to everyone, paid out unconditionally, i.e. regardless of age, economic activity, state of health, household size or other criteria generally considered in traditional social systems. Unconditional income

payments are in no way limited to economic (in)activity, meaning that anyone can still participate in the labour market, without further restrictions. Universal basic income is a guaranteed income which individuals can take into account in their long-term financial planning and which serves as a financial cushion for unforeseen events that affect the amount of a household's income (unemployment, sickness, invalidity, etc.).

In the global context, many experiments with universal basic income have been conducted (e.g. Finland, USA), showing that it resolves some issues faced by Western societies and that it would be a good idea to test it in the Czech circumstances.

Medialisation of consequences. The main goal of medialising the consequences of ongoing digitisation and automation should primarily be to motivate the Czech population to be more active in the education area concerning their relevant field. Sensational headlines make people fearful and give them a sense of inferiority regarding their digital literacy. In relation to a low availability of educational activities in excluded locations in terms of time and finances, this leads to a passive approach and so-called self-fulfilling prophecies.

Dictionary of new terminology. To make navigating the world of modern technologies easier for employees and the entire population, it would be appropriate to create an accessible dictionary of the new terms used in connection with digitisation and automation. Only after adopting terms which are necessary in order for a person to identify themselves with the culture can we expect a real adoption of technological tools.

Closing the intergenerational gap. Elderly employees will most likely face unemployment on account of the ongoing digitisation and automation. Working with elderly employees, increasing their motivation to participate in processes which require using new technologies, and a well-designed cooperation with younger workers can cause a synergic effect that will make itself felt not only through a higher employment rate among the elderly and an effective transfer of experience to younger workers, but also through increased productivity in the given business.

9.1.2 Changes in job description

External processes of ongoing digitisation and automation will be relatively easy to measure with standard indicators. It will be possible to clearly identify visible manifestations—such as the above-mentioned increase in unemployment—and subsequently quantify them. In relation to digitisation and automation, however, changes are occurring in the internal structure of the labour market which is not obvious at first glance and manifests indirectly.

These manifestations may include an emergence of entirely new, so-far undescribed professions and a gradual change in the job description of traditional occupations.

9.1.3 Increasing flexibility, individualisation, and new forms of work

Non-standard forms of work are not a marginal matter; they concern large numbers of employees all over Czechia. They often do not entitle them to a sufficient social protection, and the level of social protection enjoyed by the workforce will likely keep decreasing as digitisation advances.

Regarding the ongoing digitisation, endangered groups of workers now also include the following:

- people working from home or remotely;

- people sharing jobs;
- people working in the sharing economy;
- and other forms of cooperation or employment which are less common in Czechia as of now.

None of the forms of work listed provide employees with the complete social protection granted by work performed under the umbrella of employment. Thus, union organisations should adopt these measures regarding this area:

- The main reason lies in the limited options of government-conducted inspections, caused by a high number of these entities, and a lower rate of collective agreement coverage;
- Identification of new forms of work. Every year, a list of new forms of work should be compiled, including terms agreed between employers and employees (or contract owners and contractors). Forms of work which occur in Czechia should similarly be subject to a legal analysis;
- Quantification of the frequency of particular forms of employment. We are already steadily moving from traditional forms of employment to modern ones. To counter possible threats faced by the workforce, it is necessary to regularly monitor the frequency with which specific forms of employment are used, and timely identify the trends in the popularity of selected forms;
- Employee awareness. Union organisations should actively participate in educational activities regarding modern forms of employment. Employees should be introduced both to the advantages, and disadvantages of new forms of employment in order to be able to make qualified decisions about their use.

9.1.4 Dependency on new technologies

On one hand, new technologies help improve the quality of the working environment (e.g. by decreasing the physical difficulty of work, limiting routine activities, etc.); on the other, they bring about a lot of negative phenomena. Besides work being increasingly psychologically difficult, cases of dependency on new technologies have become more and more common in recent years. Practical experience shows that dependency usually develops in 4 areas, namely addiction to internet, internet games, Facebook, and smartphones. It is a high rate of acceptance shown to new technologies, as well as an ability to easily navigate the new environment, that make the youngest generation more prone to dependency.

It is estimated that approximately 3 % of the Czech population is dependent on the internet, with other 4 % at a great risk of dependency. However, addiction to internet (the so-called internet addiction disorder) is not addiction in the traditional sense of the word—it is a behavioural dependency (pathological behaviour disorder). But manifestations and consequences of behavioural addictions may be just as serious as those associated with physical dependency.

As per estimates, issues connected with symptoms of internet dependency may affect almost 300,000 of employees in Czechia. This is a good enough reason for social dialogue to address the issue, with efforts focused primarily on the following 3 areas:

Awareness and prevention. Social dialogue's main goal should be to prevent risk behaviour related to the use of new technologies. Employees (and perhaps even the entire population) should be made aware of the risks and manifestations of undesirable behaviour, using suitable means.

Identification of problematic aspects in employees. On the corporate level, union organisations should strive to arouse discussions on risks associated with the use of new technologies and should help draw up a prevention plan. On the national level, the first stage should use research to estimate the number of addicts or the scale of addiction among threatened employees and identify factors which could promote risk behaviour during employment.

Support for threatened employees. Employees who already suffer from addiction or are highly threatened by it should be provided with the due support necessary to help them overcome their difficult situation (financial support, medical support, cooperation between the employer and union organisation).

9.1.5 Fear of the new

Fear of new things is experienced by all people with a varying intensity, occasionally manifesting itself as an anxiety disorder associated with an excessive, unjustified fear of the new (the so-called neophobia). To lessen unjustified fear of digitisation and automation, the following measures should be adopted:

Further education. The education system should take into account new trends, both in its formal and informal part. Formal education in digitisation and automation is a subject of many discussions; informal education lags behind in this respect and tends to be unavailable to those who are the most threatened with digitisation in the labour market (those with little education, people from small municipalities with poor transport accessibility, people from excluded locations, etc.). Efforts to design an effective policy focused on increasing digital literacy in the Czech society should be preceded with an examination of the real benefits of the current measures concerning further education. Still, any intentional distortion of the consequences of these phenomena should be significantly limited.

Diversification of access to employee education by age and gender. When trying to increase the interest of employees in education in areas associated with digitisation and automation, it is necessary to design different educational programmes for different age groups. It has been shown that certain age groups face a greater risk of developing dependency on modern technologies³⁰, while the above-mentioned neophobia or its mild manifestations tend to be more relevant to other age groups.

9.2 Impact of digitisation, automation, and other factors

We live in the era of the fourth industrial revolution which presents changes in our personal and professional lives. The entire customer environment is transforming significantly. Customers are now rarely satisfied with receiving their product in several days; they want them "tailor-made", "now", "for a reasonable price". Thus, efforts to focus on customers and satisfy their needs, wishes, and requirements involve changes in the internal management of business, aimed e.g. at procedural management and a greater interconnectedness between the business' individual parts to facilitate more efficient organisation. In this respect, relationships between supplies and customers are also becoming increasingly integrated. But

in order for the implementation of all changes in corporate management to be successful, modern technologies are required.

In general, digitisation, automation, and robotic automation are gradually making their way in essentially all sectors of the economy. Use of modern technologies, such as modern SW tools, the internet of things, cloud computing, BigData and its analysis, artificial intelligence, or e.g. additive manufacturing, are on the rise. Changes brought about by the fourth industrial revolution are fundamental. They are difficult to predict but we must prepare for them since one thing is certain—they will significantly affect our professional and personal lives.

9.2.1 Impact on the nature of work and working conditions

Introduction and use of modern technologies significantly changes working conditions. Digitisation, automation, and robotic automation transform individual workplaces and nature of work. Businesses are increasingly using robots, as well as cobots, i.e. robots which directly cooperate with humans. An analysis commissioned by the World Economic Forum implies that some jobs performed by humans will be strengthened due to computer and machine work in the short- to medium term, rather than entirely replaced.

That is because a replacement of routine and repetitive tasks will lead to a better utilisation of human potential and talent, and thus to an increased productivity and competitiveness. Automation largely happens on the level of tasks, not of entire jobs or occupations. It is estimated that ca two thirds of jobs involve at least 30 % of automatable tasks while one fourth contains more than 70 % of automatable work tasks. Still, it is clear that the percentage of tasks fulfilled by machines and computers will rise in the long term—jobs involving information and data processing, complex and technical work activities, or administering are among the most afflicted. In the case of these jobs, the share of computer/machine work is expected to grow by up to 17 %.

Naturally, these changes have many advantages. As we have already mentioned, work is made easier and human potential better harnessed in some respects, but there are also other benefits, such as a better work-life balance, etc. Nevertheless, there are risks as well.

They affect workplace safety, workers must handle devices and IT systems which often lack in ergonomics, work is being intensified, the line between private and professional life becomes blurry, creating the issue of limited availability, the amount of social contacts decreases, etc. Since all these risks affect workers' potential occupational wellbeing, a key resource for businesses, suitable measures need to be designed and prepared to minimise them.

9.2.2 Afflicted jobs, projection by country

Due to a relatively current, extensive analysis commissioned by OECD in 2018 which considered different factors (among others requirements regarding skills and activities necessary for the performance of individual occupations), it is expected that ca 14 % of jobs will be threatened with automation and further ca 32 % of occupations will go through substantial changes (Fig. 16) in the next 10 to 20 years. These estimates are much more optimistic than in the past. Scandinavia, USA, or the United Kingdom where the service sector is very strong fare the best while Slovakia, Germany, or Japan are among the worst.

Afflicted jobs, projection by industry

Overall, accommodation, hospitality, and health care where up to 23 % jobs across all waves will be threatened, and education where the same goes for less than 10 % across all 3 waves, are among the least affected by automation. Meanwhile, the transportation and storage sector (53 % of jobs under threat) and manufacturing (ca 45 %) will be affected the most.

Speaking of manufacturing, a significant segment in Czechia, it is estimated that the second and third wave will pose the biggest threat to these jobs. The second wave, taking place in the 2020s, will threaten ca 23 % of jobs (335,000); the third wave, occurring in the 2030s, will affect 20 % of jobs (290,000).

9.2.3 Expected impact by business

Changes expected or predicted by analyses commissioned by international organisations, consulting companies, and experts are one thing; how a situation is perceived by businesses themselves is another one.

Generally, lay-offs are expected the most by companies from China, Poland, and Japan (57–67 % of companies), and the least by those from Italy (34 %) which can be partially explained by the age of the local population. At the same time, though, 62 % of businesses assume they will recruit new employees in association with the introduction of advanced robotics—white-collar workers, e.g. to adapt new solutions to meet the company's needs.

9.2.4 New occupations and skills

In relation to the introduction of modern technologies, new occupations will occur and expand while others will cease to exist. Since modern technologies are greatly associated with ICT, professions falling under this umbrella are especially assumed to develop—e.g. SW or app developers, specialists in cloud computing, artificial intelligence and machine learning, blockchain, or experts in digital transformation.

Businesses are also experiencing a substantial growth in business data from various sources; not only from traditional accounting-economic systems, but from data supplied by various sensors installed in production and other devices, as well as from products themselves, supplied in real time. Thus, businesses expect they will increasingly need specialists who work with BigData and data analyses, or experts in databases or data creation, processing, and visualisation.

Development of new production technologies is associated with a growing demand for workers in innovation, new technologies in general (e.g. IoT), process automation or robotic automation, additive technologies, industrial protocols, or in new production operation design.

On the other hand, redundant or increasingly threatened professions will gradually come to include primarily data-entry clerks, administrators, accountants, selected warehouse workers, bank clerks, sellers, manual production workers, machinery repairmen, or telemarketers.

Demand for skilled workers

New or modified occupations or jobs will frequently require a different knowledge and skill set. Naturally, recruitment is one of the ways to find such workers. Considering the increasing demand on the part of all businesses, the demographic changes, or the capacity of education systems in individual countries, there may be a lack of suitably qualified workers.

As the Czech workforce still is among the cheaper ones and the country neighbours Germany, this implies potential issues for Czechia in terms of our educated workers leaving the country. Some industries are already dealing with shortages. By contrast, Italy and France expect to have an excess of educated workforce. Beyond Europe, Japan and USA will struggle with marked shortages.

This lack of skilled workers will need to be addressed by retraining, educating, and training the existing ones. Research by the World Economic Forum assumes that only 46 % of workers will require no retraining or training. The remaining 54 % will need to be trained or retrained in varying extents—25 % will have to undergo up until 3 months' worth of training, ca 10% 3–6 months, 9 % 6–12 months, and 10 % over 1 year.

Most of the businesses which participated in the research expect to utilise their internal departments (85 %) and external companies (75 %) for the purposes of employee training and retraining. Use of employee unions is expected the least (23 %). Regarding training and retraining, however, great care must be taken to make sure that workers are ultimately not either insufficiently qualified or overqualified as that naturally results in inappropriately spent funds.

9.2.5 Agreement on the introduction of new technologies

Digitisation, automation, robotic automation, and introduction of modern technologies in general is a complex, difficult matter with far-reaching consequences for the future. Thus, it is evident that the process of introducing these modern technologies will need to involve careful analyses of the current situation, preparation and planning, implementation, and finally evaluation of the implementation's success and introduction's benefits. Furthermore, participation of representatives recruited among employers minimises the risk of potential problems being omitted.

Last but not least, we cannot forget that employee participation creates a sense of unity with their business, work, and potential changes. It is this employee participation in the whole process of introducing modern technologies that is the fundamental matter, a so-called "entry point" which absolutely needs to be defined in collective agreements.

Agreement on introducing modern technologies can play a more important role for employers themselves than it might seem. Its conclusion may lower employees' sense of uncertainty and fear regarding future outcomes of digitisation and automation. Employees who live and work in an atmosphere of uncertainty about the future do not enjoy a good mental wellbeing which can often lead to a drop in productivity or quality of performed work, or even more serious problems, such as absenteeism on account of sickness, etc.

Summary

Digitisation, automation, robotic automation, or introduction and use of modern technologies in general give many advantages to businesses and workers, namely better competitiveness, higher productivity, improved working conditions, new ways of organising work, or better quality of services and products... However, potential challenges, risks, and issues which can negatively affect workers themselves, i.e. one of the most important corporate resources, are frequently omitted.

It is vital to address the following areas:

- a) Preparation for the introduction of modern technologies itself—determining employee participation in bodies, designing the process of introduction of technologies (analysis of benefits and limitations, impact on employees...) and its time frame;
- b) Protection of working conditions;
- c) Protection of workers in new forms of employment—safeguarding the right to a minimum wage, social and health care benefits, operating costs, and ensuring that workers cannot be removed from platforms without reason.

Collective reasons should focus solely on the social aspect. They should always address the issue of sustainable development, balancing all 3 of its pillars, namely economic, environmental, and social sustainability, not only in relation to a business itself, but speaking long-term also in relation to the entire economy and labour market. It is necessary to both protect workers, and e.g. fully harness the potential of modern technologies, positively support mobility in the labour market, and account for structural transformations of the labour market and economy. Discussion, open and friendly attitude of all the involved parties, and wish to find a reasonable compromise are necessary in order to strike such balanced collective agreements.

Digitisation as a subject of collective bargaining

Digitisation and automation bring about many changes which require a timely response in the form of social dialogue. Thus, all topics which are integral to new technologies should be an indispensable part of social dialogue. Besides the problems described above (e.g. increasing flexibility, new forms of work, individualisation of employment, changes in job description, etc.), other respect are worthy of attention as well, ones related either to the identification of problematic areas, or to attitudes to the resolution of issues caused as a consequence of the ongoing digitisation. All of the subjects mentioned above, addressed by social dialogue on the national level, should also be taken into account on the corporate level.

The issue of education resonates in all measures meant to help employees adapt to new digitisation- and automation-associated trends. In this respect, we have already mentioned the necessity of designing educational programmes and taking the individual needs of those being educated into consideration. Social partners play an important part in the education process in Czechia as well. In Czechia, social partners are not included automatically, rather they participate in ad hoc measures.

9.3 Digitisation of social dialogue

Social dialogue should respond to new trends not only in terms of its content, but also its form, preferably adapted to the new trends. Activity of union organisations should be optimally digitised so that they too can avail themselves of the benefits brought about by new technologies for the good of their membership. If the digitisation process is suitably designed, social dialogue can respond to new stimuli more quickly and identify potential issues in time.

9.4 Risk of discrimination in the labour market

In our society, discriminatory behaviour is still very common and it cannot be tolerated. Those who are discriminated against need to be offered the best and most efficient protection possible. Few individuals decide to file an anti-discrimination suit; according to a survey by the Office of the Public Defender of Rights, the number was only 6 in 2016. Reasons for this passivity on the part of victims of discrimination often include uncertainty regarding the

dispute's outcome, insufficient evidence, a lack of complimentary legal advice bureau, high costs associated with the suit, and last but not least fear of retaliation by the opposing party after the claim is made with a court.

A part of the Office of the Public Defender, the Advisory Body of the Public Defender of Rights for the Protection of the Disabled is a key element in all cases of discrimination of the disabled as it is a statutory entity established as per the requirement of the Convention of the Rights of Persons with Disabilities, an international ratified UN agreement (also known as the "CRPD") to which Czechia became a party in 2010 (with the exception of the option protocol which allows the enforcing of the rights granted by the convention with a relevant UN body).

9.4.1 Discrimination ban

Among other things, the Anti-Discrimination Act (Act No. 198/2009 Coll., on equal treatment and on the legal means of protection against discrimination and on amendment to some laws, also "ATDZ"), incorporates relevant EU regulations, following the directly applicable EU regulation, the Charter of Fundamental Rights and Freedoms, and international agreements which have been made a part of the legal system.

On the other hand, this act does not expressly address (compare with Section 1, Paragraph 2, ATDZ) legal relations related to the regulation of conditions governing entry and stay of third-country citizens or stateless persons in the Czech Republic (this, however, does not affect regulations stipulated by directly applicable EU regulations governing free movement of workers).

Generally speaking, discrimination means different treatment in comparable situations with no rational justification. The discrimination must occur as a behaviour described and banned by law; it cannot be merely a sense that one is being discriminated.

As per the stipulations of Section 2, ATDZ, discrimination is twofold—either direct, or indirect.

- Direct discrimination is a behaviour where a person is being illegally treated less favourably than another in a comparable situation. An employer who refuses to employ a disabled applicant, or a waiter who refuses to attend to a guest on account of the latter's ethnicity, can be given as an example;
- Indirect discrimination is a behaviour where a person is being treated less favourably on account of a seemingly neutral criterion. A restaurant which institutes a no-exceptions ban on dogs, thus preventing disabled guests who use guide or assistance dogs from entering, can serve as an example.

As per the Anti-Discrimination Act, discrimination also includes harassment, including sexual harassment, persecution, or instruction and incitement to discriminate.

9.4.2 Measures taken to limit the risk of discrimination in the labour market

Legislation. In Czech law, the principle of non-discrimination and equal opportunity in the labour market and employee relationships is enshrined in the Charter of Fundamental Rights and Freedoms, and primarily in labour legislation, specifically in Act No. 435/2004, Coll., on employment, as subsequently amended; in Act No. 262/2006, Coll., Labour Code, as

subsequently amended; and in Act No. 198/2009, Coll., on equal treatment and on the legal means of protection against discrimination and on amendment to some laws (the Anti-Discrimination Act).

The Czech legal framework can be said to be sufficient. Despite its imperfections, the Anti-Discrimination Act further specifies the right to equal treatment, as well as the discrimination ban, applicable to many areas. It outlaws both direct and indirect discrimination and grants legal means of protection against discrimination. Legal regulations interpret discrimination in a broad sense of the word.

Strategy. Gender equality is also enshrined in domestic strategic documents, linked to Strategy Europe 2020 (especially to the Gender Equality Strategy 2016–2019). These are primarily the government's strategy for gender equality in the Czech Republic in 2014 and 2020. The strategy correctly identifies the main issues of equal treatment of men and women in the labour market and entrepreneurship, and suggests possible solutions. These suggestions are adequate but their practical implementation tends to be slow.

Institutional structure. In order for the non-discrimination and equal opportunities principle to be promoted, an additional institutional structure must be established. Since 2001, Czechia has had the Government Council for Gender Equality, a permanent government advisory body addressing matters of gender equality. The Council has four committees and one work group:

- Committee on the Institutional Framework for Gender Equality, 82
- Committee for Balanced Representation of Women and Men in Politics and Decision-making;
- Committee for the Reconciliation of Work, Private and Family Life;
- Committee for Prevention of Domestic Violence;
- Working Group on Men and Gender Equality.

The issue of equal opportunities is also being addressed by the Parliament of the Czech Republic. The Chamber of Deputies has the Permanent Commission for Family, Equal Opportunity, and National Minorities; the Senate has the Subcommittee for Human Rights and Equal Opportunities. Regarding ministries, resort coordinators deal with the agenda concerning gender equality (the so-called gender focal points). Local administration (regions and municipalities) however do not have a firmly established institutional structure. Their approaches differ, as does the emphasis placed by individual regions and municipalities on the issue of equal opportunities.

There is also a number of other bodies which address the issue of equality and non-discrimination from different perspectives (e.g. the Czech Statistical Office, the Employment Office, employer representatives, union organisers, or scientific and educational institutions).

In the future, it will be necessary to establish an effective institutional structure within public administration to address the issue of equal opportunities in a systemic manner. It is crucial that all levels of public administration be suitably connected, from the central to regional and local level; that rules and procedures be united. When formulating policies and public administration measures, gender mainstreaming must be strictly observed. It is absolutely vital that formal performance of the gender agenda be eliminated! We also recommend to

intensify cooperation and most importantly to share information among entities which handle the equal treatment issue.

Ingrained gender stereotypes and behavioural patterns. The Czech society is rather conservative in its views of gender roles (man = breadwinner, woman = homemaker, cares for children). Gender stereotypes and behavioural patterns are widespread throughout the society, regardless of educational attainment. This results in a relatively high gender segregation, both horizontally and vertically. The problem, however, is not only economic, but mostly social and societal in nature. Although the situation has been improving in the past few years, progress is very slow.

Gender pay gap. As a result of segregation in the labour market, there is a large difference in the remuneration of men and women. In later age, this is negatively reflected in the amount of old-age pension received. Thus, women in pensionable age are at a greater threat of poverty and social exclusion than men. In many businesses (probably in most of them, though this statement cannot be supported with data), an employee (verbally) undertakes not to discuss the amount of their wage with their colleagues upon the signing of their employment contract. The business remuneration system becomes non-transparent from the very beginning, and likely unfair. In this respect, there is only one solution—obliging employers to provide information about the gender pay gap. This is nothing revolutionary.

Women re-joining the labour market after a maternity or paternal leave. This has been a long-term issue for the Czech labour market. Data shows that the greatest drop in employment rate is experienced by mothers with children up to 6 years of age (one of the worst results in the EU).

This problem needs to be resolved comprehensively. Significant reduction in maternal and parental leave (see e.g. Sweden, Switzerland, and other developed countries) is recommended. Data shows that it is mostly the economic cycle which affects the birth rate, not the length of maternity leave or amount of social benefits! As a consequence, a generous pro-family policy significantly reduces the competitiveness of women-mothers in the labour market. It is necessary to focus on providing quality pre-school care which would allow women to return to work as soon as possible. Use of additional tools for striking a work-life balance should be supported.

Lack of types of flexible employment as suitable tools for striking a work-life balance. The previous problem is closely related to an insufficient offer of flexible employment forms. Labour Code regulates reduced employment, flexible working hours, and business schools but as digital economy develops, so does a whole range of new forms of flexible employment.

Therefore, we recommend to quickly adopt legislation regulating new forms of flexible employment, especially job sharing and remote work which are already relatively common. Although the Labour Code has enshrined the so-called work from home, the current legislation does not fully cover all of the benefits of remote work. Legal regulation of new flexible forms of employment should clarify a number of aspects of these atypical types of employment, popularising their use.

10. Critical points, conclusions

The current social and economic situation is characterised by significant turbulences, bringing about more uncertainty than periods of as much as temporary calm. There are increasingly frequent talks of the so-called “great reset”, making it difficult to oversee the process of changes itself, let alone its end condition under these circumstances. Despite these so-called modern trends, we cannot overlook that work is and will remain the main source of living for individuals and human societies, not to mention a source of social progress. That is why changes need to be evaluated very critically, using “common sense”, otherwise we risk losing our basic ability to navigate details and new “terms”. In the previous chapters, reputable authors discussed many terms in detail, but let us mention a few other aspects which should not be omitted.

10.1 Overcoming the consequences of pandemic in the economic and social sphere

In the past few years, the coronavirus pandemic has heavily impacted the entire global economy, its effect on the global community and the EU and Czech society specifically becoming a subject of many studies and much research. Union headquarters, including our own, have processed the running conclusions of development statuses; many of the insights were used in the partial studies underpinning this one.

Regarding the possibility of using current and future knowledge to inform social dialogue, it follows that development will have to be monitored very carefully, requiring flexible responses to the situation especially in respect to the aspects of the development of economy and employment across sectors and necessitating joint efforts to achieve an optimum, effective solution. In initial stages, these solutions should prevent unnecessary damage; during the final stage, they should focus on fixing damage as quickly as possible, not only in the material, but most importantly in the social realm of our lives.

One of the urgent matters highlighted by the pandemic is the necessity to redistribute resources from older generations to younger ones. Specific options of doing this need to be discussed. Failing that, there is a clear risk of populist politicians harnessing the anger of the young and disrupting the capitalist system in a manner which will harm everyone.

Since the global economy finds itself in the worst condition since WWII, there are many opportunities for creating a better system. Suggestions focus on ways in which the U.S. and European governments, along with their central banks, should create inclusive economies that would be better adapted to the serious disruption we are witnessing in the labour markets.

Many expect the ESG issues to become less of a priority this year, but nothing could be further from the truth. The equality concept introduces steps which should be taken by societies in face of the increased interest displayed by investors. Generally speaking, the pandemic has uncovered large differences in the fate of those who have a reliable technological connection, and those who do not. Thus, it is necessary to concentrate on establishing societies where connection is a basic right, and ways of achieving this.

Remote work will be the “new normal” even after the pandemic. It can be said that remote workers should pay a tax for having this privilege. The collected funds could fund material subsidies for low-income workers who cannot work remotely and thus assume more of the “old economy” and health hazards.

And finally, so far no one has really addressed what should be done with empty city centres. Since offices and shops are becoming smaller or outright move out of the centres, we assume that “radical urbanism” could be one of the ways of preventing the so-called zombie cities from emerging. Radical urbanism gives new inhabitants the option of taking control of the centres, their cultivation being largely up to them. This development cannot be ignored; considering the current rate of migration in many countries, negligence would be a time bomb. There is no doubt that the world is facing the greatest reconstruction challenge since the war.

A properly functioning social dialogue should facilitate these optimum decisions, but only dreamers can think all this will come as a “good outcome” of the social changes assumed by the “Green Deal” considering the damage suffered by the global and European community. The Green Deal itself counts primarily on global participation (illusion no. 1) and use of technology (illusion no. 2) which have yet to leave laboratories. And last but not least, the burning issue of security cannot be neglected. Failure is not an option here.

10.2 Reconstruction of the EU economy; European Green Deal and its impact on the labour market; the European Social Pillar and quality of social protection

The Green New Deal proposed by the Commission is a basic strategic for the new Commission with the 2019–2024 mandate. At the moment, it is a long-term strategy document of the EU which is supposed to significantly affect economic development over the next 30 years. In the Commission’s view, its strategic goals must be ambitious. If they cannot be implemented as implied by the experience of the past twenty years, they are replaced with new, even more ambitious plans. Thus, innovation tends to be little more than the Commission’s exercise in wishful thinking than an actual outcome of technological development. It is no accident that such words as “ambition”, “innovation”, “inclusion”, “fairness”, and “solidarity” are the most frequently used terms in Commission documents.

Green Deal for Europe may be presented as a comprehensive long-term strategy for achieving a permanently sustainable development and protection of the biosphere and its biodiversity, but ca 80 % of the document focuses unilaterally on processes to reduce CO2 emissions and achieve carbon neutrality, even where the issue of agriculture, permanently sustainable mobility etc. are concerned. Protecting the environment, biosphere and its biodiversity, and the concepts of permanently sustainable development are secondary in the documents which is reflected in an insufficient allocation of funds.

The Commission expects a number of proposals for revising the EU’s existing legal norms, even though the 2018 Clean Energy for All Europeans legislation has not yet been fully implemented, nor have its real effects on the climate and energy industry been evaluated, and the same goes for the 2025 and 2030 emission targets set for motor vehicles. The proposal’s chief slogan could be summed up as “ambition, more ambition, and even more ambition” regardless of impact and consequences, with the aim of being a “leading global power” combatting the climate change. Subsequently, the Commission subordinates everything else to this goal, with no regard for costs or the effectiveness of the solutions being promoted.

Technologies whose mass commercial application will clearly result in further energy growth, inevitably spreading energy poverty as has been stated and demonstrated, although the definition of energy poverty is still rather vague and its scope dependant on the overall economic level of individual countries. Union-wise, large differences in emissions per inhabitant or GDP unit will persist while costs will naturally differ greatly between countries.

10.2.1 Technology, innovation

The zero pure emissions goal cannot be met without substantially accelerating innovation in the field of pure energy. The world has identified a growing number of commitments adopted by many governments and societies to achieve pure zero emissions of carbon dioxide (CO₂) in coming decades, a part of the global effort to meet such long-term sustainability targets as the Paris Agreement on the climate change. But there is a sharp discrepancy between lofty promises and the current state of pure energy technology. Although the technologies being used today might greatly reduce the emission amounts as demanded by these targets, on their own they are not enough if emissions are to be brought down to zero and the security of energy systems ensured.

Energy efficiency and renewable resources are crucial if climate targets are to be met, but there is a large amount of emissions which will require quite different technologies. A significant amount of these emissions is produced by industries where the technological possibility of their reduction is limited, e.g. water transport, haulage, air traffic, or heavy industry such as the steel, cement, and chemical industry. In order for these fields to be decarbonised, new technologies will need to be developed, ones which are not yet in use.

Innovations are the key to promote new technologies and the development of the existing ones. There is no unique or simple solution to bring the world on the path of pure zero emissions. Reducing global CO₂ emissions will require a wide range of various technologies across economic sectors, in various combinations and applications. These technologies find themselves in widely variable stages of development, but we can already assume they will likely have to help reduce emissions as deemed necessary in order for international targets to be fulfilled.

For some energy fields, 2050 is only one investment cycle away which makes timing investments, as well as the availability of new technologies, critical. Increasing expenses invested in low-carbon research and development and investments in key demonstration projects for the most difficult industries may be especially efficient.

At times when speedier innovation is utterly necessary, the Covid-19 pandemic has become a fundamental obstacle. In the near future, the world will be less able to introduce new technologies to the market due to disruptions caused by the pandemic. Market and policy uncertainties threaten to reduce the amount of funds available to entrepreneurs.

If governments face the challenges posed by the Covid-19 crisis head on, there is a chance of accelerating innovation in the field of pure energy. This can help protect approximately 750,000 jobs in energy research and development. It can also be a strategic opportunity for governments in the sense of making sure that their industries will be made stronger by the Covid-19 crisis and ready to supply future domestic and international growth markets. As a part of efforts to meet sustainable energy and climate targets, it is assumed that investments will be made in technologies which are currently in the stage of large prototypes and demonstrations and should average roughly 350 billion USD annually over the next two decades.

Some areas warrant immediate attention from governments striving to revive economic activity. It is especially important to finance research and development to the extent planned by 2025 and consider increasing funding in strategic areas. Market policy and funding can help increase value chains for small modular technologies—as was the case with solar

panels—thus greatly accelerating technological progress. Synergy with other technologies across industries is a relatively cheap method of innovation.

10.2.2 Competitiveness of the EU as a whole

What will prove to be crucial, though, is support for competitiveness through available, cheap, reliable energy. The current renewable resources, however, cannot be expected to deliver it in a realistic timeframe. In key commodities industries, such as production of raw iron and steel, cement, and others, there are still no technologies which could replace the existing manufacturing procedures in a mass scale.

The new 2020–2027 agricultural policy assumes that 40 % of the agricultural policy funds provided by the union budget will be directed to address climate change. Nevertheless, priority is not given to necessary, urgent adaption measures responding to the climate change which is already occurring and causing crises in certain regions, rather to reducing greenhouse gas emissions and to the related regulation of stock cattle, pigs, and other types of animal husbandry.

The chief problem with financing the European Green Deal lies in the fact that the volume of funds required to implement the ambitious goals set by the Commission's document published in December 2019 exceeds the total EU budget severalfold and the total costs can equal a substantial part of the EU's total gross income (GDP/GNP).

In July 2020, in connection with the consequences of the Covid-19 pandemic, the Council adopted a restoration plan amounting to the massive 750 billion Euro, aiming to offset the pandemic's economic impact and setting European economies back in motion. At the moment, the Commission is attempting to combine this restoration plan with the goals of the Green Deal, using funds acquired on financial markets to restructure key industries of the ČS EU economy.

The issue lies in the fact that if this offsetting of damage caused by Covid-19 is to be efficient, it must happen without delay. However, the considered use of financial means in restructuring the European economy will take the form of mid- to long-term steps and measures. Simply put, investments whose first positive effects will make themselves felt in ten years will not prevent scores of unemployed from lining up tomorrow in front of the Employment Office.

Applying the precautionary principle without respecting the adequacy principle is a serious problem. The system of risk management is being replaced by the concept of risk elimination, with wildly inadequate, absolutized costs emerging and imaginary benefits being considered as a result of these conceptual shifts. This approach has already brought the EU to the investment flight stage as there are not many investors willing to suffer through the uncertainty that is integral to investments in the EU. The notion of ecologising the budgets will only deepen these problems.

Taxonomy is another crucial problem, i.e. a method of determining which investments can be financed by the banking sector as permanently environmentally sustainable, and which cannot. The proposed approach means not only a fundamental deformation of the market, but even a shift towards a centrally planned economy.

Shifting to a carbon-neutral economy is contingent not just on the availability of new technologies, but most importantly on essential changes in the energy and transport

infrastructure. Such changes are not only incredibly expensive, but chiefly require a decades-long implementation. This has been clearly demonstrated by the experience of not just the past 100 years of development in Europe, but also by the current example set by Germany where Energiewende has spent a decade struggling to build a backbone network between northern wind farms and southern regions with energy-heavy industries.

What is alarming is the fact that while attempting to achieve carbon neutrality, the Commission effectively ignores differences in economic development, environmental conditions, and other specificities of the Member States. When setting partial goals for 2030, it promotes the “one size/speed fits all” approach, disadvantaging primarily the small countries of Central and Eastern Europe.

Highly complicated and complex financing from funds, especially the Just Transition Fund, is supposed to correct these differences. The allocated funds, however, cover only a fraction of the real costs of transformation. Moreover, strategy focused on renewable resources, primarily on wind energy, forces countries which do not enjoy suitable environmental conditions to import “green” energy from countries with a good potential to produce wind energy. In the case of Czechia, it makes the country dependant on Germany.

The European Green Deal proclaims increased compatibility, reliable cheap electricity, just and inclusive transformation, and fight against energy poverty. The actual development, however, points to a significant loss of competitiveness on the global markets, high electricity prices, and substantial social consequences in the form of energy poverty.

10.2.3 Social, economic, and political perspective

An analysis published by Deutsche Bank sharply criticises the “unfair debate” used by the EU to sell its Green Deal to EU citizens. The project’s enormous risks to prosperity, the economic system, and democracy itself should not be concealed, rather openly addressed.

The authors warn that the European Green Deal and its goal of achieving neutral influence on the climate by 2050 threatens Europe with a mega crisis which will lead to a “considerable decrease in good living conditions and loss of jobs,” warning that it will not work without a “certain level of eco-dictatorship”.

According to the analysis, it is questionable to uniformly promote the Green Deal as a “new growth strategy” which will allow the EU to become a “fair, prosperous society”. While this proclamation may seem nice on paper, the European economy and all its political and legal systems will need to be significantly transformed in order to achieve carbon neutrality by 2050.

The revolutionary consequences of the EU’s climate agenda for everyday life are “still relatively abstract” and “still acceptable” to most households. But the efforts to achieve climate neutrality will require drastic action in regard to our choice of vehicles, housing size, heating methods, and possession of electronic consumer goods, as well as reduction in the consumption of meat and tropical fruits. The analysis warns that these restrictions and their violation will inevitably cause “huge political resistance.”

The impact of the current climate policy on people’s everyday lives is still quite abstract and acceptable to many households. The policy takes the form of higher taxation and energy fees which make heating and mobility more expensive. Some countries have adopted norms

governing the minimum energy efficiency of buildings, or similar rules to regulate other fields. But climate policy does not govern our lives.

We make key decisions in regards to consumption, i.e. whether to travel at all, how much to travel, which means of transportation to use, whether to live in a large house or small flat and how to heat them, how many electronic devices to own and how intensely to use them, or how much meat and exotic fruits to eat. These decisions are made with consideration to our income, not to the climate.

If we really want to achieve climate neutrality, we must change our behaviour in all these aspects of life, simply because there are yet no adequate cost-effective technologies which would allow us to maintain our lifestyle in a carbon-neutral manner. This means that the price of carbon will have to increase significantly in order to force people to change their behaviour.

Another (or maybe even the main) option is to significantly tighten regulations. We realise that the term “eco-dictatorship” does not sound particularly nice. But we might be forced to ask ourselves whether and to what extent can we accept some kind of eco-dictatorship (in the form of a regulatory law) in order to move closer to achieving climate neutrality.

10.2.4 Loss of competitiveness, or free trade restrictions

If the EU comes close to achieving climate neutrality much more quickly than the rest of the world, the price of carbon in the EU will rise greatly, lowering the competitiveness of the EU’s energy-heavy businesses. Are we willing to pay this price? Likely not. Remember—no one must be left behind.

Any honest discussion will have to address the fact that any euro spent on protecting the climate cannot be spent on education, research, public health, digital infrastructure, domestic and external security, tax reduction, or higher pensions.

The EU Commission plans to introduce a carbon toll system to resolve the issue of economic competition. Do we truly believe this will not make the affected countries to adopt counter-measures? Are we really willing to give up the advantage of free trade to protect the climate?

10.2.5 We are dealing with a huge political resistance—how to face it with dignity?

No one must be left behind when efforts are being made to achieve climate neutrality. This proclamation from the Green Deal is likely an attempt to square the circle. A substantial shift in climate policy will certainly cost both households, and businesses, not to mention the harm to prosperity and employment. Otherwise, climate protection would be easy. This development will obviously have consequences for the political scene on the national and EU level.

On the EU level, there will be enormous conflicts regarding distribution which can contribute to (further) divisions within the block. Are we ready to handle such a polarisation? Or will we adjust our climate ambitions if we find out that an (excessively) ambitious climate policy is not acceptable to most people?

Honestly, if politicians wish to navigate our society through the consequences of the coronavirus pandemic while staying the course of sustainable development, it is precisely social dialogue which our society utterly lacks on the highest (Pan-European) level.