

PRECARIOUS WORK IN THE CZECH REPUBLIC

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Abstract

The contribution is oriented to characteristics of the contemporary state of using a role of non standard forms (precarious) of jobs in the Czech Republic. It is well known, that so called precarious forms of jobs expanded in the last decades all over the EU states. Moreover the issue of precariousness becomes very frequently the subject of discussions that try to find response in what extent this tendency is something useful for overcoming the actual crisis impacts on the labour market and in what rate it is a dangerous way leading to distortion of labour world and to expansion of amount of working poor. This type of discussion is present also in actual Czech political and economic agenda and that is the reason why is so important to work with relevant data. The contribution therefore concerns basic definitions and explanations of the phenomenon of precarious work and its specific occurrence in the conditions of the Czech labour market. The objective of the contribution is to distinguish and define, what forms of spreading use of precarious work results from economic crisis and which of them are typical for the Czech labour market, especially as those of them like bogus self employment and agency employment.

Key words: labour market, precarious work, impacts of crisis

JEL Code: J20, J50

Introduction

The aim of the presented is to give information on the use and impact of precarious (insecure, flexible) forms of employment in the Czech Republic, also in comparison with the situation in the EU. If we want to characterize a concept of precariousness itself and to define relevant concrete aspect of it, we can say that “precarious” are those forms of employment, which have long been promoted as a possible tool to better adapt the supply side of the labor market demand as well as addressing issues of reconciling work and family life. In this respect, these forms of employment are often perceived as a means of reducing unemployment. Unemployment is associated with

considerable costs among others, to public budgets (Čadil, Pavelka, Kaňková, Vorlíček 2011). At the same time, however, especially in the context of the ongoing economic crisis and its impact on the labor market open question to what extent the flexibility of work the effect of increasing the number of jobs and their quality, i.e. the extent to which this process can be considered truly effective tool for solving problems the labor market (e.g. long-term unemployment (Pavelka 2011), problems of employment for young people, people approaching retirement age, etc.).

Increasingly in Europe and the Czech Republic stand out unilateral negative pressure on the flexibility of the labor market, reflected particularly in social dumping and still more onerous problem of so-called working poor, whose essence is unacceptable reduction in labor costs (in particular by reducing wages and reducing social security contributions), the deterioration of working conditions and the reduction of minimum labor standards and labor protection (Leschke, 2012, Martin 2009, Hammer, 2002).

The way to overcome these negative side effects of flexibility is seen primarily in the application of the principles of flexicurity, i.e. setting the conditions that allow to fulfill both objectives, ie to the degree of flexibility and maintaining internationally established standards work (Luijk, Maarten, 2009).

1 Flexible forms of employment

Precarious forms of employment have many forms, most often the time working in part-time jobs, fixed-term contracts, temporary employment agencies through work, self-employment (entrepreneurship), respectively. Agreements on work performed outside employment (contract of service and contract for work). Flexible working time arrangements shall include a variety of working time, which is offered as flexible working time options for a flexible start, respectively. End of working hours, working time account, job sharing, working from home (telework), etc.

For a better overview flexible forms of work can be divided into the following types:

internal flexibility (of working time)

- various irregular working patterns
- flexible working hours (flexitime)
- flexible working hours - daily, weekly, four-week,

- breaks,
- work on short-time working (part time work), employment concluded for shorter working hours, part-time work)
- overtime,
- account of working hours,
- compressed work week (other appropriate adjustment of working hours for evenly distributed work time or. unevenly distributed at working time)
- working hours to accommodate school year,
- sharing of work (job sharing - job sharing)

external flexibility (various types of contracts and time)

a) illegal forms - employment performance against the law on the basis of a trade license (švarcsystém)

b) legal forms

- temporary work,
- part-time work,
- temporary employment,
- work carried out on the basis of work performed outside employment,
- working at home,
- distance work (telework)
- transfer to another job,
- transfer,
- sabbatical
- time for training (study leave - their qualifications, improving or acquiring skills)
- phased or partial retirement.

This information will be further addressed with regard to their distribution and impacts in the Czech Republic, the basic forms of flexible forms of work and employment, mainly areas of part-

time work, temporary work, agency employment and bogus self-employed people (Švarc system).

2 Precarious forms of work in the Czech Republic

In the Czech Republic as in other member countries the precarious forms of work are gradually becoming more and more a part of everyday life. Employees, primarily for economic reasons (Czech wages still lag far behind wages in the most advanced countries of the European Union (EU-15) prefer to work full-time and working for an indefinite period, eventually are willing to work overtime or at night or on weekends.

However, employers are increasingly demanding the job seekers for part-time work, fixed-term contracts, temporary agency work, or are willing to employ them only on the basis of work performed outside standard employment (the agreement on working activity, as if self employed), which represents the most flexible, that means the most precarious forms of labour.

The higher level of protection in the European comparison guarantees employees in the Czech Republic only work for an indefinite period, the degree of protection for temporary employment contracts is lower, and the terms of agreement for work performed outside employment is quite low, often in conflict with the minimum standards required by conventions The International Labour Organization.

The use of precarious forms of work in the Czech Republic in recent years has been affected by the ongoing economic crisis and unfavorable development of the economies of most European Union member states, including the Czech Republic. According to the analysis of trends in employment and unemployment in 2012 (MPSV ČR, 2013), the overall employment rate of people aged 20-64 years reached in 2012 in the Czech Republic, 71.5%, and the average unemployment rate 8.6%. However, we can see increased proportion of unemployed young people under 25 years of total unemployment, at 18.8% and the share of long-term unemployed (over 12 months) in the total number of unemployed persons, at 35.3%.

Part time and temporary employment

Tab. 1: Employment by type of work loads

	2008.		2009		2010		2011		2012	
	Number of persons in thousands.	Share of total employment in%	Number of persons in thousands.	Share on total employment in%	Number of persons in thousands.	Share of total employment in%	Number of persons in thousands.	Share on total employment in%	Number of persons in thousands.	Share on total employment in%
Total employment	5 002,5	100.0	4 934,3	100.0	4 885,2	100.0	4 904.0	100.0	4 890,1	100.0
Indefinite job contracts and entrepreneurs	4 663,6	93.2	4 586.0	92.9	4 527,7	92.7	4 560.0	93.0	4 538,5	92.8
Fixed term contracts	337.0	7.	347.2	7.0	356.8	7.3	342.9	7.0	351.5	7.2
Full time contracts	4 750.0	95.1	4 660.9	94.5	4 596,5	94.1	4 636.7	94.5	4 607.4	94.2
Part-time contracts	269.3	4.9.	273.1	5.5.	288.6	5.9	267.4	5.5.	282.5	5.8

Source: Materials MPSV ČR,

Tab. 2: Share of temporary employees and employees with part-time jobs

	Temporary jobs (In % of total employment)		Part-time work (In% of total employment)	
	EU 27	Czech Rep.	EU 27	Czech Rep.
2007	14.6	8.6	18.2	5.0
2008.	14.2	8.0	18.2	4.9.
2009	13.6	8.5	18.8	5.5.
2010	14.0	8.9	19.2	5.9
2011	14.1	8.5	19.5	5.5.

Source: Eurostat

These data confirm well known fact that the Czech Republic is so far typical by low share of non-standard (flexible, precarious) work (forms of work). This situation has not been changed nor in period of crisis in the Czech economy and on the Czech labor market. Although the Czech

Republic is often criticized for not giving more room for part-time jobs as a possible tool to address unemployment, it can be stated that companies solve problems in employment rather by redundancies and transferring of staff to the position of self-employed than using forms of short-time working.

One reason for this is the fact that part-time work for Czech employees are not attractive, because of a significant reduction in wages and of lower labor law protection and usually do not ensure the possibility of switching to the standard employment full time jobs. Czech employees thus perceive non standard forms of employment only as temporary escape fro crisis..

Tab. 3: Employment by age and type of employment contract (EU27, 2010)

Type of contract	Up to 30 years	30-49 years	Over 50 years	Total
Indefinite contracts in%	61	86	87	81
Fixed term contracts in %	39.	14	13	19
Total in%	100	100	100	100
Part-time employment in%	28	22	26	24
Full-time employment in%	72	78	74%	76
Total in%	100	100	100	100

Source: Sustainable work and the aging workforce, Eurofound Working Conditions Survey, Dublin, 2012

This type of data quite clearly shows that in the European area (for the EU) there is a significant relationship between age and type of employment contract. Above all, the younger age groups are more often employed on fixed-term and part-time work, so they are often the subject of the process, which we call the precarization of work.

For better orientation we can also give information about the Czech Republic data in comparison with the EU that shows that the Czech Republic is still, at least in terms of the proportion of people employed in non-standard working hours, relatively "behind" the EU average.

Tab. 4: Proportion of sub-time contracts and fixed-term jobs in total employment (in %)

	2000			2010			2011		
	Part-time contracts -men	Part-time contracts -women	Fixed-term contracts	Part-time contracts -men	Part-time contracts -women	Fixed-term contracts	Part-time contracts -men	Part-time contracts -women	Fixed-term contracts
Czech Rep.	1.6.	5.4.	9.3	2.3	7.0	8.9	1.9.	6.6.	8.5
Germany	4.8.	33.3	12.7	7.9	37.9	14.7	8.5	38.0	14.7
France	5.5.	24.9	15.5	5.7.	22.4	15.0	5.8	22.1	15.3
Spain	2.8.	16.5	32.1	4.9.	21.7	24.0	5.5.	21.9	25.3
Sweden	7.3	21.4	32.1	9.7	18.8	24.9	9.8	18.4	25.3
Denmark	9.3	24.0	10.2.	13.5	25.4	8.4	13.8	25.2	8.8
Netherlands	13.4	57.2	14.0	17.2	60.6	18.5	17.1	60.5	18.4
Slovakia	1.0	2.9	4.8.	2.8.	5.9	5.8	2.7.	5.7.	6.6.
Slovenia	4.0	5.4.	16.4	7.2	12.1	17.3	6.7	10.9	18.2
OECD	5.8	20.2	11.3	9.0	25.3	11.9	9.1	26.0	12.0

Source: OECD, Employment Outlook 2012

These data document that in international comparison, the Czech Republic, regarding the use of so-called more flexible jobs, below the average of developed countries of the world (OECD). This fact is most evident in comparison with such countries as Germany, Denmark, Sweden and the Netherlands, ie the countries where the unemployment rate is relatively low and vice versa active employment policy programs are developed. It's just a confirmation of the fact that the use of the tool more flexible working arrangements as a mean to reduce unemployment is feasible provided that there are sufficient financial and employment security of these forms of employment and therefore adequate social protection.

- **Self-employed**

Czech Republic is among the countries which have a very high proportion of people with status em self (self-employment). This fact is illustrated in the following table:

Tab. 6: Share of self-employed persons in the total economically active population (in %)

	2000	2005	2010
Czech Rep.	15.2	16.1	17.8
Slovakia	8.0	12.6	16.0
Poland	27.4	25,8	22.8
Italy	28.5	27.0	25.5
Germany	11.0	12.4	11.6
Austria	13.1	13.3	13.8
France	9.3	9.1	10.1.
VB	12.8	12.9	13.8
USA	7.4.	7.5	7.0
EU 27	18.3	17.3	not available

Source: OEC, Employment Outlook 2012

From the above data, some conclusions can be drawn. First of all, it can be stated already above-mentioned fact that the proportion of self-employed in the Czech Republic is particularly high in comparison with countries such as Germany and Austria (and the Scandinavian countries) and is even markedly higher than in Anglo-Saxon countries (UK and USA) with their typical high preference for "entrepreneurship". On the contrary the figure is approaching the level of the countries of southern Europe (Italy, Spain, Greece), which have a slightly different structure of the economy (a large proportion of small-scale services, or in agriculture), and are characterized by a high level of grey economy, as documented in the following table.

The interpretation of this phenomenon consists in the structure of economies shifts the transition countries of Eastern Europe (decrease in the number of large enterprises, increase the share of services), further reducing the protection standard employment relationships, but also undoubtedly the growth of illegal employment practices, in this context, the Czech Republic especially in boom "Svarc system".

Tab. 7: Share of “grey” economy of GDP (2012) in %

Austria	7.6
Netherlands	9.5
VB	10.1.
France	10.8
Germany	16.3
Sweden	14.3
Slovakia	15.3
Czech Rep.	16.0
EU	18.4
Spain	19.2
Italy	23.6
Greece	24.0
Romania	29.1
Bulgaria	31.9

Source: MPSV ČR (2013)

Very characteristic is the fact that the proportion of self-employed is in inverse proportion to the level of unemployment, high rates of unemployment in most cases is typical for countries that are characterized by a higher proportion of illegal work and also a higher proportion of self-employed persons.

- **Agency employment**

An important factor that can create significant problems is employment ensured through employment agencies. The reason is that the agency work is a very frequent place for illegal practices and brings on the Czech labour market mechanisms known as social dumping.

This type of employment is here adapted from the 2004 Employment Act. In 2011, there were some legislative changes that tightened authorization and withdrawal of authorization for

recruitment. It was also introduced compulsory insurance agencies, which should increase legal certainty for temporary agency workers. As a result of these changes, the number of agencies operating in the Czech market decreased.

Tab. 8: Number of agencies and persons placed to the user

Year	Total number of employees assigned to the user	Number of employment agencies
2004	7202	690
2005	56192	1474
2006.	50122	1510
2007	6427	1811
2008.	230455	2228
2009	164507	2214
2010	195586	1714
2011	172069	1453
2012	197144	1483
Until March 30, 2013		1484

Source: Analýzy vývoje zaměstnanosti a nezaměstnanosti, MPSV ČR (2013)

When calculating the total number of economically active population, the share of agency workers in the Czech Republic at 0.7%, while the EU average at 1.5%. The average length, of the assignment of agency employees to the user is for 27% of workers in one month, 38% of ones to three months, and 35% over three months. Temporary employment is also often associated only with manual labor. This type of employment is, however, used to employ workers at all levels. The survey shows that the number of agencies and the number of people assigned to the user escalated in 2008 and the following years due to the economic crisis decreased by tens of thousands. An important role in this development also played adoption of legislation tightening the agencies work adopted in the 1st year.

Conclusions

We can formulate several points that characterize the issue of precarious work in the Czech Republic:

- the forms of precarious work in the Czech Republic are represented more through some specific forms like bogus self employed status of working persons
- the Czech labour market does not show so big occurrence of some precarious forms typical for other EU countries as for part time and fixed term types of job contracts
- the reasons of this fact can be found particularly in negative aspects that cause low interest of people to demand this forms of jobs as low income and low legal protection

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