

Working Conditions and Industrial Relations in the Central  
Public Administration: Conducting in-depth case studies in  
Member States which have joined the EU since 2004

Case Study Report: Czech Republic

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Project no. 0137, contract no. 12-3030-25

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## Executive Summary

The submitted study is part of the research project Working Conditions and Industrial Relations in the Central Public Administration: Conducting in-depth case studies in Member States which have joined the EU since 2004. It represents an in-depth case study dealing with labour relations and working conditions in the Central Public Administration (CPA) of the Czech Republic. The study describes and explains the attempts at reform in the public administration and the changes that have been made which have had an impact on the industrial relations and working conditions in the sector, and attempts to evaluate the results of these changes. The basis for the study is an analysis of the available data and publications, as well as interviews with representatives of the CPA sector, both employees and employers, and experts on the given topic.

The Central Public Administration in the Czech Republic is defined as the core element of the public administration sector, specifically that administration effected by the state either directly by governmental bodies or indirectly by other agents charged with CPA responsibilities and bound by specific orders and regulations. The CPA includes central administrative state bodies with national authority (i.e. the Office of the Government, 14 ministries and 11 central administrative authorities created in accordance with amended Act No. 2/1969 Coll. on the establishment of ministries and other central bodies of the State administration of the Czech Republic), territorial administrative state bodies with local authority (e.g. the Labour Office of the Czech Republic, revenue authorities etc.), other state bodies (e.g. state funds) and authorised entities (e.g. public safety). Local government authorities do not make up part of the CPA in the Czech Republic since they are not administered by central Government. For the purposes of this case study the armed forces and public safety bodies are excluded from the analysis (although they make up part of the Czech CPA) since they are subject to specific regulations and do not fall within the scope of the research project.

After fundamental reforms relating primarily to territorial public administration were carried out in 1990-2000, in 1998-2002 a reform of the CPA was prepared. Originally the reform was handled by the Office of the Government of the Czech Republic ([Úřad vlády České republiky](#)), but as of 1 November 2006 coordination was transferred to the Ministry of the Interior of the Czech Republic ([Ministerstvo vnitra ČR](#), MV ČR; MoI). To date however the planned reform has not been implemented. In 2002 the Chamber of Deputies approved Act No. 218/2002 Coll., on the service of civil servants in administrative offices and on the remuneration of such employees and other employees in administrative offices (the Civil Service Act), which has not however still entered into force. Partial organisational changes including staffing audits also took place at certain ministries. Since 2008, modernisation has been underway in the Czech Republic in the form of digitising the public administration and introducing elements of e-government (Smart Administration Strategy).

The gradual rise of the public budget deficits in 1999 to 2006 made it necessary to reform these budgets so as to reduce the budget deficit as a percentage of the GDP. The simultaneous negative influence of flooding in the years 1997 and 2002 contributed to modifying the objectives of public administration reform. Even in the years before the crisis, these facts led to unsuccessful attempts to reduce the number of civil servants in the CPA. Further austerity measures were adopted in 2010 to 2013, consisting of cutting 1/10 of the operating and investment expenditures of the individual ministries and streamlining agendas, weeding out duplication and reducing the overall number of CPA bodies. The planned organisational changes were not realised however due to the resignation of the cabinet in July 2013 and the upcoming elections to the Chamber of Deputies.

The number of employees at ministries and central offices (not including subordinate branches) between 1999 and 2012 ranged between 18 300 and 15 000. A drop of 11.2 % was recorded in the number of employees in the CPA between 2003 and 2011, primarily due to public budget cuts in

recent years. In terms of the structure of employees at central administrative bodies, women slightly outweigh men, but hold only 11 % of management positions. The overwhelming majority of CPA employees work full-time and have an open-ended employment contract. The rights and obligations of all employees, including the treatment of working conditions, are governed by the Labour Code (Act No. 262/2006 Coll.) and only certain lesser components, such as remuneration or the continuing education system, are addressed by specific acts and government orders. These legal norms apply generally for all groups or types of workers in the CPA; there is no legal norm that would apply to a particular group of workers. Employees in the CPA haven't had special status because Civil Servants Act hasn't come in the force yet.

The human resources work with CPA employees is thus not unified - each office has its own procedures for hiring, training, career progression and employee evaluation. A unifying aspect is the regulations dealing with remuneration, which is based on pay grades set according to the requirements of the working position and the level of creditable work experience. The salary itself is then comprised of an obligatory and non-obligatory component. The non-obligatory component acts as an incentive and is awarded on the basis of performance, but currently the motivational effect of this component is limited by the fact that the obligatory portion of the salary lags behind private sector salaries and the non-obligatory component is thus used to bring the salary up to the needed level.

Working conditions in the CPA are set by Labour Code and by collective agreements. Collective bargaining in the CPA only takes place at the company level. Of the total of 26 bodies, unions incorporated under the Trade Union of State Bodies and Organisations (*Odborový svaz státních orgánů a organizací, OS SOO (in Czech)*) are currently active at 20 of them (in 6 ministries and central offices doesn't exist trade union organisation). Collective bargaining also takes place at these bodies and company collective agreements have been concluded there. At the highest level, i.e. at the level of the whole public administration, no collective bargaining takes place, as there is no partner for collective bargaining on the part of the employers. Collective bargaining in the public sector is limited in many areas and in practice the collective agreements concluded where allowed by law do not deviate substantially from the existing legal treatment. They primarily focus on the creation and use of funds for cultural and social needs, employer contributions to pension and life insurance, severance pay, etc.

The platform for social dialogue in the Czech Republic is the Economic and Social Agreement Council (*Rada hospodářské a sociální dohody, RHSD*). Under the RHSD, the social partners work together to create and amend social legislation; the social partner organisations are also the official place for commenting on legislation during the legislative process. In recent years however the role of the tripartite has been mostly a formality, as the right-leaning government that established itself in 2006 in the Czech Republic tends not to take into account the demands and suggestions of employee representatives and implements the relevant reforms without the consensus of the social partners.

Constitutional Act No. 2/1993 Coll., the Charter of Fundamental Rights and Basic Freedoms, prohibits judges, public prosecutors, members of the armed forces and members of the security corps from striking. Striking is also prohibited for other selected professions by Act No. 2/1991 Coll., on collective bargaining. With the exception of these groups, the right to strike or conduct other acts of protest is not restricted in any way for employees of the CPA sector.

Individual employment-related and labour legislation disputes are dealt with through the courts system, whereas a mediation and arbitration system has been introduced for the resolution of disputes between social partners within the collective bargaining framework. Social partners provide legal services to their members with regard to both individual and collective disputes should they be required.

Oversight of the public administration is achieved through both internal and external systems of control mechanisms. These are performed by the administrative authorities themselves, as well as

by representative bodies, courts, the Supreme Audit Office and the Public Ombudsman, as well as by citizens through petitions and complaints. Several laws were adopted in recent years to this end.

The primary problem of the CPA in the Czech Republic is the absence of the Civil Service Act and a systemisation of positions that often leads to non-conceptual adjustments of employee numbers, remuneration not based on performance and not taking into account the current salary levels in the economy, unequal distribution of work and overall politicisation of the public administration. These shortcomings also lead to a loss of employee motivation, qualified workers leaving to other sectors of the economy and a marked dependence on political decisions. Overall it can be said that reform of the CPA is still waiting to be realised in the Czech Republic.

## Contextual aspects and Background

### Key characteristics and developments regarding the CPA and civil service

The first phase of the public administration reform in the CZ started in 1990 by recovering the municipal self-government, when legislation was adopted to regulate the organisation of the public administration in compliance with principles of democracy and de-centralisation in the public administration. The wide ranging foundations of the public administration reform included:

- Reform of the territorial public administration;
- Reform of the central public administration;
- Modernisation and efficiency improvement of the public administration.

The second phase of the public administration reform started in the election period of 1998–2002. Based on the governmental document 'Public Administration Reform', it was divided into two stages, the reform of the territorial self-governing units and the reform of the CPA. The plan was to carry out the two reforms in parallel with a completion date in 2005. However, only the first stage was successfully completed, i.e. only the reform of territorial self-governing units was finalised so that the powers were transferred to local administration based on the principle of de-centralisation and de-concentration. In the framework of the second stage the Act No. 218/2002 Coll. (Civil Service Act) was passed by Parliament<sup>1</sup> and the Office of the Government ordered a work on preparation of the reform, developing information systems, methodology for training and evaluating employees, i.e. everything needed for bringing the Act No. 218/2002 Coll. to life (Pauerová 2013). The control over the human resources management and training activities in the CPA was, based on the Government Resolution No.1232 of 25 October 2006 (on transfer of HRM issues and training activities in the public administration, coordination of the regulatory reform in the Czech Republic and a reform and modernisation of the central public administration) transferred from the Office of the Government to the Ministry of the Interior of the CZ, Public Administration Division.

In relation to the reform of the CPA, the Government resolution No. 624/2003 brought three additional tasks for the Office of the Government:

- Until 31 December 2003, to work out a draft of a reform of central bodies of the public administration containing a proposal for cutting the number of central bodies of the public administration;
- To ensure an HR audit in the central bodies of the public administration;
- To reduce the number of employees by 6% until 2006, i.e. from 19,157 to 18,006 employees.

The reform was inspired by the British public administration reform model (a professional apparatus that is irreplaceable couple with the political management of administration bodies, i.e. ministries and central offices). The reform took into account the approval of the Civil Service Act and the creation of the post of managing director.

**Table 1: Timeline of key public administration developments**

Year	Events	Processes and measures in the developing CPA
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<sup>1</sup> An important factor was the pressure of the European Commission during the pre-accession talks to adopt a civil service act as early as prior to the accession to the EU.

Year	Events	Processes and measures in the developing CPA
1989	Fall of the communist regime	The entire public administration was centralized.
1990–1997	Transformation period	Reform of the previous, communistic central and local public administration and development of a new CPA. Change of territorial administrative units and allocation of powers.
1998–2004	Preparation of the CZ for the accession to the EU (europeanisation)	<p><b>Stage 1 – the year 2000</b></p> <p>Establishment of higher territorial administrative units – regions – by Act No. 347/1997 Coll.</p> <p><b>Stage 2 – the years 2002–2003</b></p> <p>De-centralisation and de-concentration, transfer of powers to the local government authorities and from the cancelled territorial administrative units (districts) to the new municipal authorities.</p> <p>In 2002 the Act No. 218/2002 Coll. on civil servants' service in administrative authorities and rewarding of these employees and the other employees in administrative authorities (Civil Service Act) was adopted, which has however never come into force (except for a few paragraphs).</p> <p>Start of the process of harmonising Czech legal standards with the EU standards.</p>
2004	Accession of the CZ to the EU (01/05/2004)	Completion of the legal standard harmonisation with EU standards in the public administration, in relation to the utilisation of financial support from the EU funds a definition of 8 NUTS-2 regions.
2005–2008	Stages after the accession to the EU	<p>More intense politicisation of the public administration sector from 2006 (trend of filling deputy minister and managerial positions at all levels with politicians and allies working in the CPA), modernisation, i.e. the computerisation of public administration and the introduction of e-government elements (government policy statement of 17 January 2007).</p> <p>A gradual implementation of the Smart Administration Strategy since 2008 (establishment of points of contact called <u>Czech Point (in Czech)</u>, computerisation of public procurement contracts and <u>Data boxes (in Czech)</u>).</p> <p>The Czech Government has, from the mid-2000s, been trying to reform its CPA with the aim of increasing its effectiveness and reforming its human resource management. Measures have included job cuts, extending the rights of certain public employers to fix salaries and the introduction of compulsory training.</p>
2009–2012	Economic crisis	<p>On-going politicisation of the central public administration.</p> <p>Continued implementation of the Smart Administration Strategy in order to modernise the public administration and enhance its efficiency.</p> <p>Proclamation: 'The government will immediately take steps to prepare a concept for the optimal organization of the public administration sector including the CPA' from a Government policy statement of August 2010. However, no real progress was made.</p> <p>Introduction of the key registers of the public administration.</p> <p>Governmental National Programme of Reforms for 2011 and 2012.</p> <p>Cost-saving measures in the CPA: decrease in CPA sector pay bill by 10% in 2011, reduction of the number of employees in the CPA by 4.5% compared with 2009. Reduction of the volume of wages (incl. transfers) by</p>

Year	Events	Processes and measures in the developing CPA
		8% in the entire public sector.
2013–	On-going economic crisis	<p>Proposed cost-saving measures regarding agenda simplification and avoiding duplications in the public administration by the government of Petr Nečas in April 2012, a plan to cut the total number of bodies within the CPA.</p> <p>Governmental bill on civil servants of 12 June 2013 and adoption of measures on public servants' training (due to the dissolution of the Parliament in August 2013 the debate has been postponed to the time after the October elections).</p> <p>A “competitive” bill on the service of civil servants in administrative authorities and their rewarding – the Civil Service Act (amendment of the former Act No. 218/2002 Coll. prepared by the Social democratic Party (ČSSD) and NGOs).</p> <p>Work on the Public Administration Map, i.e. an exact database of agenda outlines, performed by each central administrative authority based on their legal authorization.</p>

However, in the end neither radical reform nor optimisation occurred with regard to the CPA, the main reason being that for both right-wing governments (elected in 2006 and 2010) the implementation and completion of CPA reform was not a priority (see descriptions above). HR audits were, however, conducted at selected ministries. The following partial reforms were gradually implemented within central bodies:

1. A partial reform in some separate segments of the Ministry of Finance related to the single collection centre. Since 01/01/2013, the revenue authorities include the General Revenue Directorate, 14 regional revenue authorities with subordinate offices, two specialised revenue authorities with the national field of activity and the Revenue Directorate of Appeal have been established.
2. Establishing the central Employment Office of the Czech Republic (Úřad práce ČR, ÚP ČR) and 14 regional employment offices since April 2011 with the aim to optimise and achieve savings (no fewer than 1,400 employees were dismissed). This measure led – to the difference of the previous reform of territorial units – to the centralisation of employment policies into one CPA body. Furthermore, since 2012, the Minister of Labour and Social Affairs Jaromír Drábek (conservative TOP 09 party) succeeded to push through that instead of municipalities the non-insurance social benefits should be paid out by the ÚP ČR. Previously, this agenda was performed by approx. 4,000 municipal employees and it was proposed that these employees be transferred from municipalities to the ÚP ČR. In fact, due to the lower salaries offered for the new working positions (between CZK 3,000 – 5,000 less), only 1,934 employees finally took up the ÚP ČR offer; the shortfall was made up by new recruitment. Those municipal employees who refused the offer were given other employment positions by their original employer.
3. The State Labour Inspectorate (Státní úřad inspekce práce, SÚIP) with a general directorate and 8 regional inspectorates were established by the Act No. 251/2005 Coll. on labour inspection in July 2005. The Czech Authority for Occupation Safety (Český úřad bezpečnosti práce, ČÚBP) and the Occupational Safety Inspectorate (Inspekce bezpečnosti práce, IBP) were cancelled.
4. The Board of Customs (under the control of the Ministry of the Interior of the Czech Republic) united regional directorates in 2012.

As a consequence of incomplete reform, no savings of labour or costs were made, on the contrary, performance of the public administration worsened (Rovenský 2013). Logically, the public

administration should be controlled and reformed, in terms of authority, by the Office of the Government; however, it does not happen (Velčovský 2013). In 2006, under the right-wing Civic Democratic Party (ODS) government, it was decided, by means of a government resolution, that this agenda should be transferred to the Ministry of the Interior (MoI) at which the staffing situation was, and remains, particularly unstable (for example since November 2012 a total of four deputy ministers have held the position of Head of the civil administrative section, the consequence of the high level of politicization of ministries) thus resulting in a lack of continuity. It was proposed that the 'New Public Management' (NPM) concept would be implemented by the right-wing management of the MoI at this time (2006-2009); however, the NPM principle in fact was never introduced. High level officials at the MoI planned to spread this concept so as to include other central authorities; however, their plans were never realised due to a combination of the high level of autonomy enjoyed by central offices and the lack of political will required to enforce the new principles. Today, the NPM concept is considered to be outdated and unsuitable for the Czech CPA. An alternative concept, [Good Governance](#), is presently under discussion. Therefore, in the Czech Republic, the orientation on the customer (citizen) and quality of the public administration service rendered are being met only in a small extent (Velčovský 2013).

The aforementioned development in the CPA was affected by a number of the following economic and socio-cultural factors. Among main economic factors impacting the CPA reform we may include:

- The gradual growth of deficits in public budgets in the CZ in 1999–2006 generated the need to reform public budgets so that the ratio of the public budget deficit and the GDP (Maastricht criteria) could decrease. This situation led as early as in the years before the crisis of 2009–2013 to the adoption of cost-saving measures by the government of Mirek Topolánek (ODS), including the reduction of the number of civil servants in the CPA.
- Destructive floods, especially in 1997 and 2002 (with aggregate damage CZK 136 billion) caused a cancellation or delay of certain plans related to the public administration and consequently floods had a negative impact on the expenditure side of the state budget.
- Further cost-saving measures that are intended to keep the state budget deficit under the level of three per cent of the GDP in 2013–2015 (Government Resolution No. 37 of 16th January 2013 implementing the simplification of agendas and cancellation of duplicities in the public administration).

Among the major socio-cultural factors we may include the politicization of public administration at all levels (state, regions, and municipalities) and defending local interests show negatively in the Czech Republic (Pauerová 2013). The politicisation of the CPA is – to a certain extent – a “heritage” of former communist regime which was characterized by an affinity of the only governing party with the administrative machinery. Insufficient “separation” of political parties and public administration became a serious problem in the late 1990s when the 'Agreement on the establishment of stable political environment' (so called Opposition agreement) was concluded between the Social Democratic Party (ČSSD) and Civic Democratic Party (ODS). This agreement enabled operation of the minority government of ČSSD between 1998 and 2002.

Another negative factor impacting the development of the CPA is a low prestige of the profession of officials, typical for the Central European area, which results from the historical development (mainly subordination to the Austro-Hungarian Empire).

Economic transformation after 1989 and introduction of international companies in the Czech market brought about new and developing methods of human resources management and work organization to the companies. Conservative CPA was not – in long term – able to respond to these changes and integrate some of new approaches into the operation of its bodies. It can be illustrated on the example of working time arrangements since flexible arrangements in this area started to be implemented with a time lag and only to some extent. The conservatism of the CPA

corresponds to the age structure of the staff in the central administration bodies. The CPA faces an ageing of the staff so that more than 50% of employees in 2011 were aged 41-61 (see further).

All these factors result in the long-term neglecting of HR management and development of the most valuable component of the CPA, i.e. the staff.

Within the Council for Economic and Social Agreement of the Czech Republic, social partners participate, in the extent depending on a government's political orientation, in developing and amending legislation in the social sphere. Social partners' organisations are official points of consultation in the legislative process. The main trade union with members in the CPA called the Trade Union of State Bodies and Organisations (Odborový svaz státních orgánů a organizací, OS SOO) can participate in the consultations in the legislative process as members of the Czech-Moravian Confederation of Trade Unions (Českomoravské konfederace odborových svazů, ČMKOS).

In the late 1990s, after elections in June 1998, a favourable environment for social dialogue was developed due to the support by the governmental Social Democratic Party (ČSSD). Therefore, social partners were given the opportunity to be active within RHSD and to participate in the preparation of the CPA reform, including the core law for the modification of the CPA – Act No. 218/2002 Coll. (Civil Service Act). They also succeeded in negotiation of increase in salary scales. Such conditions lasted until the elections in 2006 when the left-wing government was replaced by

**Table 2: Key characteristics of the system of the civil service**

Characteristics	until 1998	1998–2004 (accession to the EU)	2004–2012	2013–
Legal document regulating civil service	<p>The key document is Act No. 2/1969 Coll. on establishment of ministries and other CPA bodies of the Czech Republic (Competence Act) that establishes 14 ministries and 11 other central authorities of the public administration.</p> <p>Establishment of new territorial administrative units and re-allocation of powers:</p> <ul style="list-style-type: none"> <li>• Act No. 347/1997 Coll. on Higher Territorial Self-Governing Units, coming into force in 2000;</li> <li>• Act No. 367/1990 Coll. on municipalities; Act No. 425/1990 Coll. on district authorities;</li> <li>• Act No. 418/1990</li> </ul>	<p>The key document is Act No. 2/1969 Coll. (Competence Act).</p> <p>Act No. 218/2002 Coll. (Civil Service Act) – it has not come into force, except for a few paragraphs.</p> <p>Act No. 312/2002 Coll. on officials of territorial administrative units.</p> <p>Code of Ethics for officials and employees of the public administration (Government resolution No. 270/2001)</p> <p>Act No. 128/2000 Coll. on municipalities</p> <p>Act No. 129/2000 Coll. on regions</p> <p>Act No. 147/2000 Coll. on district authorities</p> <p>Act No. 131/2000 Coll. on the capital city of Prague</p>	<p>The key document is Act No. 2/1969 Coll. (Competence Act).</p> <p>Act No. 312 /2002 Coll. on officials of territorial administrative units.</p> <p>Code of Ethics for officials and employees of the public administration (Government resolution No. 331/2012)</p> <p>Government decree No. 564/2006 on salaries of employees in public services and administration (introduction of 16 salary brackets)</p> <p>Government resolution No. 1542/2005 on rules of employee training in administrative authorities.</p>	<p>The key document is Act No. 2/1969 Coll. (Competence Act).</p> <p>The 'Concept of Completion of the Reform of Public Administration' should be finished by Ministry of the Interior of the CZ till January 2014.</p> <p>Act on civil servants approved by the government of ex-P.M. Petr Nečas on 12/06/2013 (estimated approval after the election at the end of 2013, estimated effect from 01/01/2015)</p> <p>Amendment to the Act No. 312/2002 Coll. on officials of territorial administrative units.</p>

Characteristics	until 1998	1998–2004 (accession to the EU)	2004–2012	2013–
	Coll. on the capital city of Prague.			
Overall strategy covering HRM in civil service	The general strategy controlled by the Office of the Government of the Czech Republic ( <a href="#">Úřad vlády ČR</a> ).	The general strategy controlled by the Office of the Government of the Czech Republic. In 1998 the Ministry of the Interior of the CZ established Public Administration Division responsible for the strategy and policy of training, territorial administration and modernisation of the public administration).	From 2006 the general strategy has been in the domain of the Public Administration Division of the Ministry of the Interior of the CZ. In 2010, the project of Human Resource Portal – an information system of the public administration maintained by the Ministry of the Interior of the CZ – was launched.	The general strategy remains in the domain of the Public Administration Division of the Ministry of the Interior of the CZ. The Human Resource Portal should be launched in the middle of 2014.
Role of the civil service office	An independent office of the civil service did not exist; this role was fulfilled by the Public Administration Division of the Ministry of the Interior of the CZ.	A fully independent office did not exist. The Civil Service Act embedded an establishment of the General Directorate of Public Service (an organisational unit of the Office of the Government). This body was established, but not fully staffed. There was a proposal of a public secretary post whose position in the public service office was on the boundary between political power and official authority and who should be appointed by the general director of the public administration upon agreement with a member of the government.	An independent office did not exist. In 2006 the General Directorate at the Office of the Government was cancelled in its infancy. Agenda was transferred to the Ministry of the Interior of the CZ, where it was spread among departments of the Public Administration Division.	An independent office of the public administration still does not exist; again, it has not been embedded in the bill on civil servants of June 2013. The bill proposes a post of the state secretary to be established (in 26 CPA offices). The proposal of establishing a public service general directorate is included in the proposed amendment to the 'competitive' Civil Service Act.
Coordination of HR	Until 1998 the HR and education policies concerning employees of the PA and CPA were not coordinated; the first concepts were prepared in 1999 and 2000. No strategic papers or	Despite the efforts by the Office of the Government, a centralised HR policy has not been actually pursued in the CPA. Employees' evaluations were random, not regular. An Institute for Public	HR management and training in central administrative authorities were decided, by Government Resolution No. 1232/2006 on a transfer of training activities within the public	Continued preparations of the launch of the HR portal in the Czech MoI which should help to improve HR management in the CPA. The portal should,

Characteristics	until 1998	1998–2004 (accession to the EU)	2004–2012	2013–
	concepts are available for this time period	Administration ( <a href="#">Institut pro státní správu</a> ) was founded under the control of the Office of the Government in 2002 to train officials of the CPA.	administration and the reform and modernisation of the CPA to the Ministry of Interior of the CZ to be under the control of the Public Administration Division of the Czech Ministry of the Interior (MoI). This department takes care of the central administrative bodies as well as of the territorial self-governing units. The transfer concerns also the Institute for Public Administration which was merged with the Institute for Local Administration in an establishment providing both training of CPA and local authority employees in 2012.	among others, include: <ul style="list-style-type: none"> <li>• organizational rules</li> <li>• job description of all positions</li> <li>• background materials on creation and termination of employment relationship</li> <li>• public sector's job exchange</li> </ul> The project started in 2010 and should be completed by June 2014.

the right-wing government. Although social partners took part in the debate on the development of the civil service law also in later stages, they lost a lot of their influence.

In the context of the global economic crisis, the government presented cost-saving measures in 2009, recommended by the National Economic Council (Národní ekonomická rada vlády, NERV), an independent advisory body assisting the government to find the most appropriate form of economic reforms and measures. Among members of this body was 14 leading economic experts (NERV worked till 27<sup>th</sup> June 2013), no one was representative of employers or trade unions and no one was state employee. One of long-term measures presented consisted in the reform of the CPA with an objective to increase its effectiveness and reduce costs of its operation. However, this proposal was not included to 38 governmental measures that were prepared together with social partners and adopted already by a new caretaker cabinet.

The right-wing government of Petr Nečas presented a new bill on civil servants in 2013. This proposal has been criticised by OS SOO with an argument that the bill does not deal with the politicisation of public administration, does not stipulate in a satisfactory way the system of evaluation and does not include remuneration of civil servants. This bill was initially prepared in cooperation with both social partners (until March 2013). Between March and June 2013, i.e. in the final phase of the comment procedure has commenting procedure been carried out already without the participation of the social partners (i. e. SP ČR, ČMKOS and OS SOO). While SP ČR had on this bill no comments, OS SOO was not involved at comment procedure on this bill (since March 2013 has been created another three internal modifications to this bill made by the Ministry of the Interior). OS SOO gained non-public versions of this bill through NGOs and expressed to them through the media (Rovenský 2013). With regard to the forced fall of the government of Petr Nečas (ODS) and the election in autumn 2013, it is imminent that the law on civil servants will not be adopted and in force from 01.01.2014.

Opposition Social Democratic Party (ČSSD) has started in parallel to prepare an amendment of Act No. 218/2002 Coll. (Civil Service Act) in 2013 as a 'competitive' bill on civil service which disposes of a higher level of consensus of social partners.

## Current situation and changes in employment relations and working conditions

### *Changes in employment*

The highest number of employees at central ministries and offices in the period since the late 1990s was recorded in 2003 with a total of 18,351 workers. As for the development of the number of employees, there was a decrease of 11.2% between 2003 and 2011. Table 3 shows the development of the numbers of employees in the three parts of the public service sector.

**Table 3: Development in the number of employees in the central public administration of the Czech Republic in 1999–2013**

Year	1999	2000	2001	2002	2003	2004	2005	2006
central administrative state bodies	13,695	14,124	16,067 **	16,695 **	18,351	18,224	17,651	17,420
state organizational units (other CPA bodies)	43,358	44,358	43,335	44,365	47,893	49,415	49,849	50,216
State defence, security, customs administration, legal protection	97,425	97,733	100,848	99,710	100,342	99,172	97,178	96,115
<b>TOTAL</b>	<b>154,478</b>	<b>156,215</b>	<b>160,250</b>	<b>160,770</b>	<b>166,586</b>	<b>166,766</b>	<b>164,678</b>	<b>163,751</b>

Year	2007	2008	2009	2010	2011	2012	2013
central administrative state bodies	17,126	17,062	17,059	16,977	16,301	24,164 *** (ca. 15,000)	23,133
state organizational units (other CPA bodies)	50,435	49,648	49,802	49,624	47,217	46,802	48,903
State defence, security, customs administration, legal protection	96,658	92,910	93,826	93,253	88,236	79,236	78,634

Year	2007	2008	2009	2010	2011	2012	2013
TOTAL	164,219	159,620	160,687	159,854	151,754	150,202	150,670

*Notes:*

*Real numbers of employees (i. e. civil servants incl. other employees working in central public administration offices) at the end of year*

*\*\* excl. district authority employees*

*\*\*\* The inter annual increase by 48% occurred as a consequence of a methodological change in reporting the number of employees in the ministries of foreign affairs and interior, when employees of the Foreign Service and some units of the Police and Firefighting Brigade of the Czech Republic were transferred to the ministerial apparatus.*

*Source: Ministry of Finance, state final accounts 1999 - 2013.*

According to (Ministry of the Interior of the CZ 2011) of a total number of almost 17 thousand employees in 2010, official positions accounted for 80%, management positions for 13% (of which 1% of employees in senior management) and auxiliary occupations for 7% of jobs.

The women-men ratio in a total number of employees was 58% to 42%, in the middle management the ratio was 37.5% to 62.5% in favour of men, in senior management already 11% to 89% in favour of men. In auxiliary technical occupations, the ratio was 31% to 69% for men, in secretarial and assistant jobs 98% to 2%. Although women dominate in the total number of employees in the CPA (58%), this situation has no reflection in managerial positions, which are occupied by men.

In terms of age, central administrative authorities face ageing of their staff. More than half of the employees were 41–61 years old, one third 26–40 years old and 8% above the age of 62. Employees between 18 and 25 years of age represent 2% only.

The share of employees with a fixed-term employment contract is 13.5%, i.e. the remaining others have a permanent employment contract. The highest frequency of fixed-term employment contracts is in the age 18–25 years (41%) and above 62 years of age (27%). A segment not to be ignored in this respect is the employees hired for short-term projects co-financed by the European Union.

The result of the aforementioned changes consisting in the transfer of competencies related to human resources management and training activities in the CPA from the Office of the Government to the Ministry of the Interior of the CZ was the fact, that central coordinated HRM policy in the public administration as whole has not been established yet. The HRM policy is fragmented among authorities that proceed autonomously. Every central authority is single employer and does own personnel, HRM and education policy. For details see sections describing working conditions in the CPA.

According to (Velčovský 2013), attention paid to the human resources management by the central administrative authorities is rather indirect. Practical HRM and trainings prevail. Only 5 of 25 central administrative authorities had developed a strategy for human resources development.

Although central administrative authorities stated that their employees are regularly evaluated, the system of formalised evaluation is used rather rarely. There are almost no regular HRM tools such as evaluation interviews, feedback, HR planning, competence models, career structure or talent promotion.

### ***Industrial relations***

At present, to associate in trade unions is prohibited only for soldiers on active service, who must not establish trade unions and associate this way (Act No. 83/1990 Coll. on citizens' association, art. 2(4), and the Act No. 221/1999 Coll. on professional soldiers, art. 45). In order a trade union can operate in the police, fire fighting brigade or customs service, there is minimum representativeness prescribed by special legal regulations (e.g. at least 40% of union membership

in case of the police as a part of armed forces of the Czech Republic – in such a case, the legislative is stricter).

For the other employees, including those employed in the CPA sector, there is no limitation of the right of association – three members are enough to establish a trade union at an employer. This legal provision has been in force since 1990, without any changes occurring in this respect. In addition to trade unions can operate works council and employee representatives for the health and safety at work on the company level. Collective bargain can only trade union. If any employee representative was created on the company level, it is usually trade union, traditionally the most common form of employee representation. The number of works councils and employee representatives for health and safety at work is not registered. These forms of employee representation are not common in the Czech Republic (although enabled by legislative) and their operation in the CPA sector is not known (Hála, 2008).

An opinion was mentioned by both employee (interview Cais) and employer (interview Zajíčková) representatives that association in trade unions would become meaningless for public servants if their status is embedded in law, since the scope of their rights and duties would be provided by the given law that would also guarantee particular certainties for officials. There would not be any room for collective bargaining for these employees according interviews.

The partner in terms of collective bargaining on the employer's side consists of the management of individual administrative bodies at the enterprise level. There is no organisation presently in existence the role of which is to unite and represent CPA employees in terms of collective bargaining at sector level. According to Rovenský (2013), the role of the partner for collective bargaining at the higher level should be played by the Office of the Government which, however, refused to play this role. The chairmen (Mr. Rovenský) of trade unions of employees working in CPA (OS SOO) was very disappointed with the continuing unwillingness of the Government Office to solve or at least participate in the process of higher level ("sectoral") collective bargaining.

As part of the accompanying law to the Act No. 218/2002 Coll. the partner for collective bargaining at the higher level should be the General Directorate of the Public Service. That was really established in 2002 and via a budgetary action of the government 30 jobs were created (the plan was 60 jobs). However, severe floods in August 2002 called for a re-allocation of funds to other areas, and in 2006 the General Directorate of Public Service was ultimately delimited to the Public Administration Division of the Ministry of Interior of the CZ.

Collective bargaining does not take place at the national level in the Czech Republic; the tripartite body performs only an advisory role (see below).

The employees are represented by the Trade Union of State Bodies and Organisations (Odborový svaz státních orgánů a organizací, OS SOO), however it combines not only employees from the CPA sector, but also from the public administrations, state-funded and budget organisations, etc. At the end of 2012, the union had 20,979 members; however, the exact number of members in the CPA is not known and is estimated under 1,000 (i.e. density approx. 6-7 % from total number 15,000 employees in CPA). Union organisations operate in 20 of 26 authorities of the CPA (2012 data by the OS SOO) and in all these 20 bodies there was a company-level collective agreement concluded in 2012. In 1996, the OS SOO concluded a total of 979 CLCAs, in 2003 already only 734 CLCAs and in 2012 only 406 CLCAs, of which 118 CLCAs in authorities with less than 50 employees, 110 CLCAs in authorities with 51–100 employees and 178 CLCAs in authorities with more than 101 employees (this category includes all the ministries and most central authorities). The number of CAs concluded in the public administration sphere is thus steadily declining.

Other forms of employee representation (works councils) are not common in the Czech Republic (although enabled by legislative) and their operation in the CPA sector is not known (Hála, 2008).

There does not exist rivalry among employee representatives in the CPA sector, since there is actually no room for it – with regard to the size of the CPA sector in the CZ, its structure and the system of collective bargaining, when only company-level collective agreements are concluded. The trade union association plays consulting and methodological roles for union organisations of each central authority.

Company-level collective agreements are concluded with individual organisational segments (ministries, central authorities, employment offices, revenue authorities, Czech Social Security Administration, etc.). Company-level collective agreement is signed by the Head of the given administrative authority and the representative of trade union organisation on the organization level. According to Rovenský (2013), an intermediate stage between the company level and higher-level collective agreements was achieved in employment offices, when the Company Committee of Union Organisations of the Trade Union of State Bodies and Organisations operating at the Employment Office of the Czech Republic and the General Directorate of Employment Offices of the Czech Republic concluded a collective agreement for all employment offices in the Czech Republic, i.e. collective bargaining was not carried out with each territorial segment of the Employment Office separately. A similar collective agreement was concluded in the Czech Social Security Administration (Česká správa sociálního zabezpečení, ČSSZ).

Higher-level collective bargaining within the CPA sector will most likely start to operate following the coming into force of the afore-mentioned Act No. 218/2002 Coll (Civil Service Act) or following Parliamentary approval of the government Act on civil servants. The new legislation, be it the former or latter are likely to become effective no earlier than on 1 January 2015.

The regulation of working conditions by collective agreements is limited in the CPA sector like in the whole non-business sphere. One of the reasons is a close link to limited public budgets, from which salaries as well as other potential benefits of CPA employees are paid (see further). Bargaining for working conditions in the collective agreement or their definition in an in-house regulation of the employer is possible only in the framework set by relevant laws.

In spite of that the new labour code (Act No. 262/2006 that came into force since 01/01/2007) extended contractual freedom for collective bargaining both in private and public sector by changing the labour code principle that newly establishes a rule common in the private law, i.e. “what law does not forbid is allowed”, e. g. working conditions are results of free bilateral negotiations between employer and employee (or employees) and can include anything, which is not forbidden by law. This has changed the approach compared to the previous regulation (Act No. 65/1965 Coll., Labour Code, as amended) that was based on the principle “what law does not allow is forbidden”. Collective bargaining in the public sector (or non-business sector) is limited in these areas (Kubínková, Heppnerová, Hejduková 2007):

- It is not allowed to shorten working hours;
- It is not allowed to introduce an account of working hours;
- The institute of partial unemployment cannot be utilised;
- Length of holidays is obligatorily determined to be 5 weeks;
- The public sector must generate a “fund for cultural and social needs”;
- Criteria for salaries are obligatorily defined and may not be departed from unless if law allows it e.g. for certain components of the salary.

These limitations concern all the employees of the public sector.

In practise, collective agreements in the CPA do not much depart from the existing legal regulation and focus especially on:

- Generation and utilisation of a fund for cultural and social needs;

- Labour-law requirements (e.g. impediments to work);
- Employer's allowance for canteen meals and their scope;
- Employer's allowance for supplementary pension scheme;
- Employer's allowance for life insurance;
- Insurance paid by the employer on behalf of union leaders released from work in the long term;
- Wage compensation for union leaders released from work;
- Specification of conditions for performing trade union activities;
- Severance pay;
- Interannual wage growth (in 2012 only in 1% CAs of the public sector);
- Granting bonuses, allowances and discretionary wage components;
- Flexible arrangements of working hours (Ministry of Labour and Social Affairs, MoLSA 1993-2012, interviews Cais, Neuman, Pauerová).

Collective agreements apply to all employees of a given administrative authority and are binding and concluded usually for one year. We consider the level of working conditions negotiated in these collective agreements as similar with no important differences among given administrative authorities.

Right to information and consultation is regulated by the Act No. 262/2006 Coll., Labour Code. This right has entered the Czech legislation in the process of harmonising the Czech and EU legislations, namely by a comprehensive amendment to the labour code in 2000 (Euro-Amendment to the Labour Code) by an implementation of the European Directive No. 2002/14/EC in 2005 (The amendment came into force in April 2006). Before implementing the European Directive, the Labour Code regulated only some manners (e. g. health and safety protection, international activities etc.), which the employer is obliged to consult with employees or inform them. The new legal regulation applies to all employees, i.e. there is no exception for the public administration employees, incl. employees of the CPA sector. Compliance with the provisions of the Labour Code regulating "information and consultation" is generally differentiated particularly in terms of the size of the employer. Large employers generally comply with those provisions moreover, because in large companies operate more often unions. Small employers have a tendency not to comply with the relevant provisions. Employers in connection with legislation on information and consultation complain about the considerable time-consuming, especially if the employer has more workers' representatives. Mentioned are also financial costs associated with the fact that representatives of employees for the payment of their salary negotiations. On the other hand, many employers are pleased that the representatives of employees are counterparty with whom they can communicate. According to the statements of interviewed representatives of employees and employers in the sector, these rights are respected in the CPA.

According to the Labour Code, section No. 278, to be "informed" means the transmission of data in a way in which the information being communicated can be clearly understood and, if relevant, in such a way so that an opinion can be formulated. The employer is required to provide this information sufficiently in advance and in a way which allows employees to be able to consider the facts, prepare for consultation and express their opinions before a certain measure is implemented.

According to the Labour Code, consultation means negotiations between the employer and employees consisting of an exchange of opinions and explanations with the aim of reaching agreement. The employer is obliged to ensure that consultation takes place sufficiently in advance and in such a way that employees can freely express their opinions on the basis of the data

supplied to them. The employer is expected to take these opinions into account before a certain measure is implemented. As part of the consultation process, employees are entitled to receive a reasoned response to their opinions.

According to section 279, the employer is required to inform employees of the following:

- the economic and financial situation of the undertaking and its probable future development;
- the activities of the undertaking, probable future development, environmental impact and ecological measures implemented by the employer;
- the legal status of the undertaking and any changes in status, internal organizational structure and the person authorized to act on behalf of the employer in connection with labour relations; the principal activity of the undertaking accompanied by the relevant code according to the Economic Activities Classification, and fundamental issues concerning working conditions and changes in such conditions;
- the measures the employer uses to secure the equal treatment of male and female employees and the prevention of discrimination;
- the availability of open-ended employment vacancies which might be suitable for employees currently employed at the undertaking on fixed-term contracts; occupational safety and health protection issues etc.

The employer is required to consult employees on upcoming structural changes within the undertaking, rationalization or organizational measures implemented, measures affecting employment, in particular those concerning collective redundancies; the number and structure of employees, probable employment development at the undertaking, fundamental issues surrounding working conditions and changes thereof; occupational safety and health protection etc. If a trade union organisation is present at the undertaking, the employer is required to inform or consult with union representatives on the above matters.

In the Czech Republic, a platform for tripartite social dialogue is the Council for Economic and Social Agreement (Rada hospodářské a sociální dohody, RHSD). Members of this body represent the government, trade unions (representing employees of the Czech-Moravian Confederation of Trade Unions, ČMKOS and the Association of Independent Unions, ASO) and employer and business organisations (Confederation of Industry of the Czech Republic (SP ČR) and Confederation of Employer and Entrepreneur Associations of the Czech Republic, KZPS). The Trade Union of State Bodies and Organisations (ČMKOS member) may use the possibility of consultations via the Legislative Council of the ČMKOS.

The topics of tripartite talks also include remuneration in the public sphere. The RHSD has its own Working Team for public services and public administration, an expert body pursuant to the RSHD Statute, which deals, at the professional level, with extraordinary and current issues in the defined field, pre-discusses submitted documents, provides and prepares expert opinions as well as other background documents for RHSD bodies. However, according to Neuman (2013), there are no minutes from the talks and operation of this working team; therefore, it is impossible to provide more detailed information about specific activities. According to Pauerová (2013), last time it worked was in 2006. In addition to that, the interviewed experts agree that the functioning of the tripartite organisation in recent years is rather formal, since trade unions' requirements do not accord with the policy statement of the right-wing government; they are thus usually not taken into consideration (interviews Rovenský and Pauerová).

No independent body has been established to date the function of which would be to negotiate the level of salaries in the Czech central public administration (such a body might consist of the General Directorate of the Civil Service or possibly a new association of employers in the Civil

Service). Moreover, the Office of the Government does not fulfil this role (interviews Rovenský and Velčovský).

The Constitutional Act No. 2/1993 Coll., Charter of Fundamental Rights and Freedoms guarantees the right of strike to employees, but at the same time it forbids striking for judges, prosecutors, members of armed forces and security forces. The ban on strikes (in accordance with Act No. 2/1991 Coll. on collective bargaining, as amended) also applies to employees handling equipment in nuclear power stations, fissile material facilities and oil pipeline and gas pipeline facilities, members of firefighting brigades, employees of company firefighting crews and rescue team members, employees securing operational telecommunication if such strike could endanger citizens' life or health, or property, etc. Right of strike is also limited for some other groups of employees (e.g. for employees of healthcare facilities or social care facilities where a strike or work interruption must not endanger citizens' life or health). Strike is not a lawful means of exerting pressure for the fulfilment of collective agreements currently in force. Strike is only the final resort in the event of disputes over the conclusion of a collective agreement; it is possible only after mediation and arbitration procedures have been conducted. A strike can be called only by a trade union. The afore-mentioned Act on collective bargaining stipulates only the conditions of strikes related to the conclusion of a collective agreement. No other type of strike is determined by the legislation. Except for the above-mentioned groups, neither the right of strike, nor right of other industrial actions is anyhow limited for employees of the CPA sector. Nevertheless, a particular limitation in some areas consists in the fact that industrial actions are directed against measures that are prepared by the CPA staff; it is, therefore, uncommon for the same staff to strike against them (interview Cais).

Larger protests were held against the cost-cutting measures of Prime Minister Petr Nečas (Civic Democratic Party, ODS) who, in his statement of 4 August 2010, pledged to reduce the total salary costs of public service employees (with the exception of teachers) and state-funded institutions by at least 10% for 2011. However, Nečas insisted that the reduction would not necessarily involve salary reductions; it would be up to individual ministers whether they would make savings in the form of salary cuts or by means of the reduction of total staffing or a combination of both. Next three years, the volume of wages and salaries should not increase in public bodies and state-funded organisations. The proposal also expects further changes in the remuneration system. That proposal raised trade unions' disagreement and the Trade Union of State Bodies and Organisations called for a demonstration on 21 September 2010 against this decision which was also supported by other trade unions, mostly ČMKOS members. Nevertheless, that demonstration did not make the government to change its decision; therefore, a protest strike on 8 December 2010 was called for. The strike was accompanied with protests against upcoming changes in healthcare, social and pensions systems, etc. However, the government held its ground and all the proposed measures were adopted (see Veverková 2010 and 2011).

According to Neuman (2013), in response to the transfer of agendas carried out as part of the Employment Office reform, a work team was established in 2011 and drew up a petition against the changes. The petition highlighted non-functionality of the new system, employees' overload and other deficiencies of the reform. The initiative resulted in a promise by the general director of the Employment Office that attention will be paid to office employees; and the Ministry of Finance took a budget measure thanks to which wages of the employees could have been covered in the new system.

### *Enforcement*

In case of fault of the CPA employee, damage must be rectified by the CPA organisation which, as a rule, does not demand subsequently compensated damage from its employees. Enforcement of compensation for damages in the CPA is enabled by Act No. 82/1998 Coll., on liability for

damage incurred in the course of exercise of public powers through a decision or incorrect administrative procedure and Act No. 262/2006 Coll., Labour Code. Both experts and daily press point out a minimum of cases when effective liability was deduced for a particular person and damage caused to the state paid (the daily MFD, 20/08/2013). Because of a lack of a civil service law that would regulate liability of public administration employees such as “disciplinary responsibility, it is the employer’s decision whether he punishes an employee’s breach of discipline in the sense of Act No. 262/2006 Coll., Labour Code, respecting thus public interest in a high-quality exercise of public service.

In terms of legal liability, the position of CPA employees does not differ from that one of private sector employees. Based on Government Resolution No. 270 of 2001, a single code of ethics have been introduced for all employees in central bodies of the public administration, which due to its general nature could not respect specificities of each authority and agenda administered. The new Government Resolution No. 331 of 2012 has already assigned central authorities to develop their own code of ethics. The code of ethics is an in-house regulation and its application and enforcement follows Labour Code.

The new Work Inspection Act No. 251/2005 Coll. has become effective from the beginning of July 2005. This Act represents a change in the system of inspection activities in the area of labour law. Under this Act, the Labour Offices, which had this activity in their field of responsibility, retained control of employment and employee protection in the event of employer insolvency. The other labour law regulations, including safety and protection of health at work, has become in the responsibility of the labour inspectorate. Its obligation is to oversee adherence to the Labour Code and to regulations related to employees’ remuneration, safety and protection of health at work, employment of select groups of workers and so on. Subject to inspection are also collective bargaining agreements, or, more precisely, the fulfilment of individual rights of employees stipulated by legal and internal regulations. This relates, for example, to extension of annual leave above the scope stipulated in the law, provision of wage compensation in the event of obstacles at work etc. The Work Inspection Act affects employers in private and public sector.

The most significant change in the labour-law field was the new Labour code (Act No. 262/2006), which came into force on 01/01/2007 (for more information see section 15) and above mentioned Work Inspection Act. In practice, no significant changes were made in enforcement of rights and duties in the CPA.

Individual employment-related disputes – The first step should be an attempt at conciliation which is prescribed in some situations also by the Labour Code (employer’s obligation to discuss the amount of the requested damage compensation with the employees as well as with the respective trade union if it exists).

Employees may contact Labour Inspectorates and file an application for rectification regarding (real or alleged) claims arisen from labour-law relations. However, these authorities are not entitled to make a decision in individual disputes between an employee and an employer. The employee may attain discharge of the claim via such a complaint only indirectly if it is worded as a motion to check the employer’s observance of labour-law regulations.

Still before bringing an action, it can be proposed that the conciliation proceedings could be made by court and if conciliation is achieved, the court will approve it by its ruling.

The last resort how to resolve an individual labour-law dispute is a civil court proceeding in accordance with Act No. 99/1963 Coll., Civil Rules of Court.

Trade unions provide their members free legal advice and representation at court in case of a labour law dispute of an employee and an employer.

Frequency of individual labour-law disputes in the CPA is not monitored; in our opinion, it is negligible (units of cases per year).

Collective industrial disputes – according to the Collective Bargaining Act No. 2/1991 Coll., these are disputes regarding a conclusion of a collective agreement or meeting obligations of the collective agreement from which no claims to individual employees arise. According to the said law, a collective industrial dispute may arise only between an employer and a trade union. If parties show interest in settlement of the dispute by agreement, collective industrial disputes are resolved in two stages. In the first stage of the dispute, there is negotiation in the presence of a mediator and if the parties do not reach agreement, then in the second stage they may and in some cases they must look for a consensus before an arbiter. If the agreement concerning appointment of the mediator or arbiter wasn't done, they will be stipulated by the MoLSA on base of request of one of the parties of collective dispute. A list of mediators and arbitrators is kept by the MoLSA. Necessity to continue the collective dispute before an arbiter occurs if the dispute is about meeting obligations from the collective agreement or a dispute on concluding a collective agreement arisen at work where strikes are banned. In other situations, besides proceedings before an arbiter a strike alert or strike can be called up, or the employer may announce a lockout. If the collective disputes differ from those described in the Collective Bargaining Act (dispute over a collective agreement and the dispute on the fulfilment of the collective agreement), they must be decided by courts. There is no special legal regulation of collective disputes in the CPA in the Czech Republic. Of a total number of collective disputes in 2009–2013, registered by the MoLSA, mediators dealt with 29 disputes and arbiters with one dispute. No dispute was registered in the CPA with the participation of a mediator or an arbiter.

At the solving of collective industrial disputes, social partners provide their members an advisory service (trade unions and employers' associations to provide their members (basic trade union organizations and companies) training, legal and consulting services.).

No significant changes were generally made to the method of dealing with individual and collective industrial disputes.

## **Working Conditions**

### *Recruitment, termination*

The system of employees' recruitment and dismissal has not been reformed. Both staff recruitment and termination of employment (including collective dismissals) in the CPA follow mostly the Labour Code similarly to other sectors in the Czech economy. The recruitment relies in general also on a table system that stipulates main requirements on education and professional competence required for performing certain offices. The table system is related to salary categories and levels (broken down in 'tables') resulting from the job difficulty and recognizable experience (for more details see the section on remuneration). With regard to recruitment and the termination of employment contracts it is necessary to distinguish two types of CPA workers: those holding a political position (i.e. chief/high-level officials) and non-political workers and clerks accorded employee status. Unlike those with employee status, high-level officials are usually appointed to or dismissed from their functions on the basis of their political affiliation. Thus, they are, in the main, not recruited from the internal staff of the relevant authority and the length of their career in the CPA depends on election results.

In the case of employees with standard employee status, employee representatives are able to influence staff recruitment and dismissal via collective agreements if they succeed in negotiating certain rules over and above the Labour Code, which is particularly the case of severance pay. According to the Labour Code, trade unions are entitled to discuss a termination of employment within the time stipulated by the collective agreement (section 61 of the Labour Code). However, the criteria for selecting the staff that will be dismissed and the final decision is always within the employer's authority, even though he should take into account, if possible, trade union's opinions (interview Velčovský). This practice was confirmed by the trade union member in the MoLSA

(interview Cais), according to who decisions on organisational changes are often made unilaterally. Trade unions may intervene, in a limited extent, only in particular cases of employee dismissals, however, they have no impact on the change as such, as it was the case of the reduction of functional places in the public administration over the last five years.

As for the recruitment, a selection procedure is not obligatory; it is upon a given manager and administrative authority to decide how the staff will be taken on. In case of lower positions, it is common to use standard procedures according to the Labour Code. These positions are in practice staffed mainly via a selection procedure or on the basis of an internal selection from present workers. It is however also not unusual to hire a person without selection procedure on the basis of knowledge of the potential employee and his/her professional competence (interviews Pauerová, Zajíčková).

In recent two years, tenders for a contract have become a rule in the Employment Office of the Czech Republic in the context of the reform of this office. An in-house guideline gives an exact specification of recruiting demands and requirements on each position. According to Neuman (2013), this however leads to a higher centralisation of the office, since it is not the immediate superior who decides on recruitment, but a commission consisting of employees of the higher-ranking authority. In connection to the reform of employment offices, agendas were transferred and some auxiliary and specialised positions were cancelled, which consequently resulted in departure from emphasis on specialisation and greater focus on employees' scope of activities (Opinion... 2011, Open letter... 2011, interview Zajíčková).

An employment can be terminated by agreement between the employee and the employer or for organisational reasons and cost-saving measures which may be caused e.g. by a reduction of the number of civil servants. According to Pauerová (interview 2013), cost-saving measures are currently the most frequent reason for employees' dismissal. In that case, however, a civil servant is entitled to a severance pay, which means additional costs for the employer especially in the situations when the job is cancelled at the moment of notice delivery and when it concerns a managerial staff (interview Cais). Prenotification period of 30 days is mandatory only in the case of collective dismissals; in other cases there is no obligation to inform employees in advance. The period of notice starts the first day of the calendar month following the notice delivery. Severance pay levels are graded depending on the duration of employment with the authority and if there exists a collective agreement, the severance pay may be even higher.

Within the public administration streamlining plan, the government set a target in 2007 to reduce the number of employees by 3% each year. This objective was declared by Government Decree No. 436/2007 [Coll.](#), related to the proposal of the reduction of functional places in the public administration by 2010 at least by three per cent per year, as a part of the reform of public finance (reduction of public deficit); it was not however accompanied by any conception of the CPA reform. In fact, it was limited to the reduction of the number of employees and salary expenses in the public administration and the decision on which employees should be dismissed remained in the competence of individual central public offices. The plan had thus different impact on staff reduction in different parts of the public administration sector. The measure was not discussed with employee representatives as it was a part of the policy statement of the government of Mirek Topolánek of the Civic Democratic Party (ODS). Although the objective was not generally fulfilled (Wagnerová 2011), the number of employees in the CPA decreased as a consequence of the above-mentioned measure by 4.4% in 2009–2011 (Pfeiferová 2013). For a comparison, employee number decreased in the same period by 2% in the private sector and only 1% in the public sector as a whole (ČSÚ 2013).

A marked reduction of staffing occurred recently in the Employment Office of the Czech Republic in connection with its reform and cost-saving measures in the sector. According to representatives of this office employees, dismissals were carried out entirely without any concept, any previous mapping of the scope of agendas performed (Špittová 2011), and at present the staff

is being re-recruited after it appeared that the remaining staff could not manage to ensure all the necessary functions of the office.

This development illustrates the major problem of the HR strategy of the central authorities, which is that no central policy for recruiting employees and termination of employment has been implemented and that management positions are not separate from a political representation of the given authorities, so any change in the government often results in a replacement of the staff in management positions up to the middle-management level (interview Velčovský). A lack of a clear scope of performed agendas and an outline of activities of each central administrative authority is reflected in frequent and often unsubstantiated changes in organisation of work (cancellation or establishment of departments), since heads of authorities are forced to approach optimisation by broadly applied measures without any link to optimisation of a specific agenda (Ministry of the Interior 2011, interview Rovenský).

As it is not defined which positions are political, it is difficult to systemize career development, since the same positions are sometimes filled based on previous work results, sometimes based on a political decision. The result is employees' demotivation (Kotchegura 2008). In some cases political assignment happens also in lower positions, but it is not a rule and this practice is in general related to managerial posts. The expert opinion is that to apply for a lower position according to the qualification requirements is often more difficult than to get a higher post based on political affiliation (interviews Velčovský, Pauerová).

Job security of some CPA positions in the situation when jobs are cut only upon a political decision is very low (unlike in other countries), which is demonstrated e.g. by an outflow of qualified employees and low attractiveness of jobs in the public administration and indirectly by overload of the staff that remain in their offices (Hendrychová 2011, Opinion... 2011, Open letter... 2011, Mužíková 2013, Kotchegura 2008). High turnover of the staff is also documented by the fact that 22% of the newly recruited employees in 2010 terminated their employment within 12 months after entry to the job upon their own request, although the most frequently mentioned reasons for terminating employment by employees was a salary level (Velčovský 2011). The total annual turnover of employees is estimated at 10%, due to insufficient HR policy and unstable staffing situation, among other things (Velčovský 2012).

Several waves of non-systematic mass dismissals resulted rather in a defocusing of rules in this area and in a reduction of legal security. Employees do not often know objectives of or reasons for organisational changes and it is not clear ahead which employees will be affected by those changes (Open letter... 2011, interview Neuman). Savings reflect in wage costs, but they do not show in other areas such as operating costs (interview Rovenský).

Moreover, this system leads to reduction in the capability of institutions to take long-term strategic steps and to non-transparency of the system, so it is not exceptional that a department is managed by a person who has no experience in the respective branch (Hladík and Kopecký 2013, interview Pauerová). Growing politicisation of the public administration after 2006 even more contributed to the decline in the professional quality of managers in the public administration. This method of staffing managerial positions is, according to Velčovský, also one of the reasons why women, which seldom have sufficient political connections, get to management only rarely. The interviewees did not indicate any entrance barriers for women when standard selection procedures are used, which however happens very seldom in these positions.

This trend should be avoided after entry into effect of the Civil Service Act No. 218/2002 Coll. or the newly drawn-up bill on civil servants which should introduce job systemization consisting in a specification of the number of functional jobs at all levels of the organizational structure and their characteristics such as the title, place in the hierarchy of the organization, relationships to other jobs, qualification requirements, salary category etc. Its objective is to optimize the structure and increase efficiency of the CPA. Based on it, a current need of jobs, job content and a relevant evaluation should be determined for each year. The law should also specify requirements

for staff recruitment and define an obligation to undergo a selection procedure, when preferentially the staff of a given authority should have a chance to fill the job vacancy. Similarly, the law should determine a system of employees' training and evaluation. In this respect, the Civil Service Act should set clear rules and increase security of employees in the public administration. Most stakeholders appreciate de-politicisation which would arise from the law, however, there is no agreement whether a tenure should apply to civil servants (e.g. a representative of the Employment Office disagrees with this principle – see interview with Zajíčková).

For the purpose of job systemization, the Ministry of Interior is preparing a Human Resources Portal (in Czech), which should contain methodological documents and forms that will be used as background documents for systematic HR policy in authorities. Nevertheless, the portal development project has been suspended because of suspicion of a manipulated contract.

### *Skills and skill development*

In 1999, the government adopted rules for training civil servants which mainly established a system of life-long learning and approximated the system of EU standards as part of preparation for accessing the EU. The document puts emphasis on establishing a central authority that would be in charge of coordinating training activities in the public administration. Based on this programme, the Institute of Public Administration was established in 2001, under the control of the Office of the Government. The main activity was to provide training and coordinate education of employees in the public administration (Kotchegura 2008). Upon a decision of the Minister of Interior, the Institute of Public Administration was cancelled as of 30/11/2010 and some of its educational agendas were transferred to the Institute for Public Administration Prague (Institut pro veřejnou správu Praha, IVS) (formerly the Institute for Local Administration Prague). This Institute provides trainings for territorial self-governing units, but since 2010 newly also for employees of central administrative authorities.

In November 2005, the government adopted Resolution No. 1542/2005, which introduced, with effect from 1 January 2006, single rules for employee training in administrative authorities. According to this Resolution, officials' training should include initial and advanced training. Initial training is obligatory and consists of two components:

- ***Initial (entrance) training*** aims at new employees and should be completed within three months after the commencement of employment. Its purpose is to transfer knowledge needed to acquire basic skills required for work in the public administration (e.g. essential standards, administrative rules, collective agreement, etc.). It is organised by the administrative authority.
- ***Entrance training follow-up*** follows the initial training and should be completed within 12 months after the commencement of employment. It intermediates essential knowledge regarding needs of the public administration and legal regulations and skills needed for exercise of public administrative activities. Unlike the initial entrance training, the training follow-up is not obligatory for employees carrying out only auxiliary, service or manual work. Training is organised by the Institute for Public Administration and administrative authorities and it is partly carried out in the form of e-learning.

Advanced training is ordered or approved by a manager and depends on nature of the position the employee occupies. It includes managerial training for management staff, language training linked to jobs where active use of a foreign language is required, and training in other areas (e.g. in new legislation, computer skills, ecology, etc.). Advanced training is carried out by both administrative authorities and the Institute for Public Administration. The scope of these training activities depends on the policy of a given authority and the volume of wage funds. After completion of the different types of training, the staff receives a certificate on attending a given training course (Usnesení... 2005).

Employees' right of training and study leave is governed by the Labour Code and depends on individual agreement between the employee and the employer, which is no different from right of training in the private sector and there has been no development in this area, so far. The Labour Code stipulates the minimum periods of study leave related to the improvement of qualifications that correspond to the job performed, within which the employee has the right to receive a compensation for salary, e.g. two working days for a standard examination, five days for a final leaving examination, 10 days for the elaboration of the thesis etc. (section 231 and 232 of the Labour Code). Training activities abroad, funded by a given authority, are conditioned by some of the authorities by remaining in the authority for a pre-determined time after training completion (Velčovský). If an employee improves his/her education by a training which has no direct link to the exercise of a given office, s/he must take a leave for the study (interview Neuman).

Although the above-mentioned amendments made in 1999–2005 resulted in a partial unification and clear organisation of the training system, the overall and conceptual change to the system linked to employees' career growth and remuneration is still waiting for implementation. Training activities are only exceptionally topped by a comprehensive strategy of human resource development and their sequence follows certain logic, even though some public administration bodies have their own system of advanced training for their staff resulting from nature of activities performed (e.g. Employment Office). Systematic evaluation of workers is missing. A model of recruitment, evaluation and training of CPA workers was elaborated under the social-democratic government by a special committee operating within the Ministry of labour and social affairs. However, after the succession of the government of the liberal Civic Democratic Party (ODS) in 2006 the system has never come into effect (interview Zajíčková). In addition, the extent and structure of advanced training were influenced by the economic crisis since the shortage of funds also results in elimination of some types of trainings, esp. those that cannot be provided by the authority's own staff, such as language training.

Social partners may bargain for e.g. content of advanced training courses, but their requirements mostly do not exceed entitlements given by law and by the existing legislative regulation, the topic is not, therefore, a crucial topic for social dialogue in the CPA (see section on industrial relations).

The Civil Service Act should establish a new continuous training system, officials' tests completing entrance training and regular analyses of training needs. It should also introduce – unlike the bill of civil servants – a conception of career plans and evaluation of employees. This increase in demands on employees in service, together with the obligation of a selection procedure for job vacancies, increase in some duties and limitations (e.g. performance of another gainful activity), disciplinary responsibility, etc., should be compensated by motivational instruments (e.g. severance pay, tenure etc.). It also stipulates the entitlement to a leave for individual study purposes of not more than six days of service exercise in a calendar year. The civil servant should be entitled to a salary for this leave, especially because education improvement is considered to be a part of professional performance of these employees. According to the existing proposal, training activities should be partly transferred to universities, which is, however, seen by employee representatives as risky from the perspective of test uniformity and training quality level, more likely because universities are not ready for this type of education, since the potential transfer of training has not been discussed with them (interview Rovenský).

### *Remuneration*

The employees working in the non-business sector are paid the salary which is basically defined in the Act No. 262/2006 Coll., the Labour Code. The salaries paid to the employees are determined based on the public budgets and the rules applicable to the set-up of such budgets and their amounts are governed by the Government Decree No. 564/2006 Coll., on Salary conditions

of Public Service and Public Administration employees. The core of the remuneration system consists in the tariff salary. The salaries are based on the salary categories resulting from the job difficulty, and on the salary levels corresponding to the recognizable experience. The job characterizations and the qualification requirements to be complied with to perform such jobs make a part of the so-called Catalogue of Jobs in the Public Services and Administration, set-up based on the Government Decree No. 222/2010 Coll.

Besides the legislation in force, the salaries paid in the CPA are the result of the total volume of the financial resources available in the public budgets, of the number of employees and of the political decisions related to the state budget income and expenses. The remuneration system is therefore subject to a number of stresses which are contradictory in many cases – it is decided centrally on the volume of the salary resources to be allocated to a particular department but at the level of the individual administration offices, it is often up to the particular managing employee to decide how to distribute the means beyond the obligatory components of the salary, i.e. personal supplement and bonuses (interviews Velčovský, Neuman).

The room left for adjustments of the salary entitlements in form of an individual contract and/or for collective bargaining is very restricted. The arrangement of the salary entitlements in a Collective Agreement and/or the definition of such entitlements in the form of an internal rule of the employer is only possible within the limits defined by the Labour Code and in the Government Decree No. 564/2006 Coll. (for the professional soldiers, also the Act No. 143/1992 Coll., on the salary and bonus for work emergency in the budget organizations and certain other organizations and bodies, is applied) which systematically divides the formation of salaries in the budget sphere from the market mechanism. The trade unions active in the CPA are only entitled to discuss the internal rules (if they exist) for the purposes of award of the non-obligatory salary components and out-of-salary payments, such as social benefits, and they may possibly proceed to put pressure which also occurred in the past years due to the worsening earning levels when compared with the business sphere (see section on industrial relations). In addition, no rules and conditions for a dialogue between the social partners in the civil part of the public administration and services in relation to the preparation and approval of the public budgets have been defined (no partner for the collective bargaining exists on the side of the employer), which contributes to the non-conceptual nature of the changes made in the salary system and salary levels and to the strengthening impact of the partial professional and interest-based pressures. Hence, salaries in the CPA can be reduced unilaterally on the basis of a governmental decision and resulting amendment of existing legislation, which excludes the possibility of negotiation with employee representatives at the level of individual central offices.

The fact that public budgets and their structure (including the proportion of funds assigned for salaries) are prepared in advance for every year and that all CPA employees are remunerated on the basis of unified system of salary categories and levels result in limited capacity of individual central offices to set salaries independently according to the economic development. Thus, the salary level in the public administration does not respond flexibly to the fluctuations in the economy and/or to the price level which have impact on the salaries in the private sector. The employers can modify the flexible component of the salary, but since it serves at present to even up the lag of salaries in public administration behind wages in the private sector, the flexibility is very limited in this area as well (see below). Therefore, the current economic crisis was reflected in the CPA with a certain delay.

The existing system is the result of the building of the salary system after 1989, which was supposed to assure the public sector performance regardless of the boom oscillations in the economy, to unify the salary tariff levels and to remove the politicization and the subjective aspect applied in the assessment and remuneration of the public sector employees. The system of 12 salary categories was supposed to assure the basic certain level of remuneration. Throughout the monitored period, the salary tariffs related to the civil public administration sector were

repeatedly modified, generally in the form of a valorisation i.e. increasing of the salary scales in order to compensate negative impact of inflation so that the purchasing power of the salaries is maintained at the same level. The salaries paid out in the public sector were intended to develop in proportion to the salary level achieved in the private sector for which the databases of the Average Earning Information System (Informační systém o průměrném výdělku, ISPV (in Czech)) and the Information System on Salaries (Informační systém o platech (in Czech)) developed for this purpose in years 2000 and 2005, respectively. However, these systems were not utilized in full extent and the development of the system was also affected by the non-systematic increase in the salary tariffs and by the modifications in the number of employees and the non-equal growth of the budget resource volumes in the individual public administration sections resulting from the absence of the Civil Service Act and the systemization of the job positions. Between 1999 and 2010, this fact caused among others, that the minimum wage applicable in the Czech Republic was higher than the lowest salary tariffs which forced the employers to either offer additional salary components beyond the level of these tariffs, or to pay out supplements to make up for the minimum wage. This contributed to a certain levelling of salaries in the public sector and the dissatisfaction of the fully qualified employees with their salary level has strengthened. This situation resulted in the transition to the 16-category salary system in 2004 which was intended to increase the salary differentiation of the highly qualified employees. Nevertheless, the salary tariffs modifications during all the period under consideration were reflected in the salary structure rather than in the salary growth rates, i.e. a high share of the obligatory components (tariff salaries) was maintained to the prejudice of the non-obligatory components (such as bonuses). The incentive component of the salary was hereby continuously suppressed.

The imminent impulse for the changes in the salary system applicable starting from 2011 in association with the economic crisis and in compliance with the public opinion consisted in the saving measures adopted by the Government of Petr Nečas (ODS). The Prime Minister ordered a reduction in the salary expenses paid in the state organizations and contributory organizations (with the exception of teachers) by at least 10% in 2011. The volume of the financial means spent on salaries should not have grown in the following three years. However, such a direction did not order the way of how such a reduction should have been attained, and the individual administration offices were therefore competent to decide whether to achieve such a reduction based on salary cuts or based on the cut in the number of employees. In particular the public administration officers were affected by this measure (Veverková 2013a and 2013b). However, the salary reduction was not accompanied with other reform arrangements such as restructuring and systemization of agendas, and therefore no long-term effect of such a measure can be expected. In addition, such a reduction was implemented in a non-systematic manner in many cases.

In 2011, the Government Decree No. 381/2010 Coll. also implemented a new incentive tool for the employees included in the salary categories 13 and higher ones (i.e. chief officials): a contract-based salary, the content and legal anchoring of which will probably be subject to a precisising process in the coming periods. The aim of the implementation of the contract-based salary was to maintain and recruit experts for the highly qualified positions. An overall shift took place from the career system (i.e. a system according to which salaries are bound with specific tariff levels that correspond to position and length of employment by the relevant CPA institution) to the manager system (according to which managers negotiate remuneration with employees and determine salary levels according to performance so that the salary has a strongly motivational function) (Veverková 2013a, Pfeiferová 2013, Trylč, Rothová 2011, Tomší 2011). In addition, an alternative has been existing for a long term which makes it possible to release the employee from the required education or duration of the required practice and to include him/her in the salary category for which he/she does not meet the education requirements, which may lead to a reduction in the educational and qualification level of the staff working in the public

administration bodies, in particular when the amount of the resource volumes spent on salaries is stagnating. All these changes represent a considerable increase in the competences of the employers. The Government has implemented such changes regardless of the disagreement expressed by the trade union bodies acting on behalf of the employees of the civil part of the public administration and services which considerably weakens the incentive functions of the salary system as well as the social cohesion in this sector (a non-published RILSA study). Both the trade unions and the experts do not agree with the implementation of the contract-based salaries, which, pursuant to Rovenský (interview, 2013) and Velčovský (interview, 2013), are not systematic, they favour politicization and have no substantiation in the public administration which is subject to the state budget. Similarly, they disagree with the suppression of the role of education and experience within the process of allocating employees to salary categories. They argue that this leads to the levelling of salaries paid to employees with different levels of education.

Within the Labour Office, repeated cuts in salaries were implemented in association with the centralization of the Labour Offices, among others due to the inclusion of the employees working in the client-contact workplaces to lower salary categories and due to the reduction in the supplements related to the managing of employees (Špittová 2011, Názor... 2011, Otevřený dopis... 2011). The reason therefore consisted in the transfer of the employees from the municipalities under the central public administration which is subject to more significant budget restrictions. The cut in the salaries paid to the Labour Office employees reached about 17% in 2011 and in particular the employees with more years worked were affected (interview Neuman).

According to the experts, the saving measures introduced in the past years have disrupted the system typical of the modern countries in which the Government guarantees to its employees a secure and stable income and career promotion, provided that the employee duly fulfils his/her duties. The right-wing government focused on financial reductions in the public sphere and the Government employees have hereby become the most visible target in the effort to stabilize the public finances (Pehe 2011). In association with the absence of the Civil Service Act, the legal insecurity in this sphere and lack of motivation in the public administration employees has rather deepened.

**Table 4: Development of average gross monthly salaries in the public administration sector (in CZK, per full-time equivalent employee)**

	2008	2009	2010	2011	2012	2013
<b>Code 84 NACE Rev.2</b>	26,198	27,043	26,958	26,331	26,761	26,782
<b>Code S.13 ESA 95</b>	23,637	24,788	24,656	24,892	25,464	25,704
<b>- central government institutions</b>	27,748	28,901	28,724	28,084	28,465	29,156
<b>Total non-business (public) sector (ESA 95)</b>	23,337	24,432	24,265	24,469	25,037	25,251
<b>Business (private) sector (ESA 95)</b>	22,559	23,277	23,689	24,429	25,128	25,100
<b>Total economy</b>	22,691	23,488	23,797	24,436	25,112	25,128

*Notes: The data refer to employees under an employment contract with the reporting unit. The following categories are excluded: persons holding a public office (e.g. MPs, public authority representatives), judges, women on maternity leave, persons on parental leave (unless simultaneously employed), apprentices, persons working outside a contract of employment, employees of those business entities not monitored statistically.*

*Source: Czech Statistical Office: Company survey on salaries and employment 2008-2013*

The average earning of a public administration employee is higher than the average earning paid out in the private sector and in the economy as a whole (see Table 4). However, such a comparison is misleading, considering that the non-business sector includes a considerably higher share of employees having reached a high level of education as compared with the other economy sectors. The level of the salary reflects as well the growing average age of the public administration employees as the remuneration of such employees is also based on the number of years of the employment (12 levels, depending on the number of the years worked). If we compare the salaries paid out in the business sphere and non-business sphere separately for the individual groups of educational attainment and employment categories sorted based on ISCO classification, the average earnings in the non-business sphere are lower than those paid out in the business sphere. The differentiation of the earnings is most noticeable in the segments of the highest education and in the most complex categories of employment, i.e. managers and professionals (in both cases, the salary paid to a public administration employee is about one-third lower than that paid out to an employee working in the private sector). It was therefore not succeeded in gradually equalizing the low earning level taken over from the times of the totalitarian regime, even though the transfer to the 16-category system of salaries caused that the position of the salary tariffs within the earnings structure was slightly improved as compared with the previous years. This has naturally led not only to the drain of the qualified staff but also the corruption tendencies strengthened during the monitored period (Kotchegura 2008).

As far as the difference between the financial remuneration paid out to women and men is concerned, none of the stakeholders interviewed considered them significant. The remuneration is based on the job position defined in the Job Catalogue, on the applicable salary category and on the number of the recognized years worked, regardless of who performs the particular job. Although the share of men and women in the managing positions is markedly unbalanced and the salary paid out to a woman in a managing position is usually lower than the salary paid out to a man, such a difference is partly due to the fact that the women holding managing positions are in most cases younger than the men, and therefore the seniority principle is also reflected in the overall salary level. The main differences in the salary sphere are not due to the inclusion into a particular salary scale, but also to the remuneration paid as a personal valuation and other non-obligatory components which, however, are not a part of the statistics so that the real differences cannot be determined (Velčovský 2011 and 2013).

The salary paid out in the public sector consists in the obligatory component (salary tariff, supplement paid for managing the employees and substitution and compensation-incentive contributions, such as supplements for night work, overtime hours, extraordinary neuropsychological stress, etc.) and in the non-obligatory component (personal supplement and bonuses). The non-obligatory component should have an incentive function and should be paid out based on the performance and/or fulfilment of extraordinary tasks assigned to the employees; as far as the personal supplement is concerned, its amount is limited to 50% of the salary tariff (and up to 100% in extraordinary cases). In total, the non-obligatory components of the salary paid to the civil public sector employees account for about 20% (30% for the managing employees) (a non-published RILSA study). It results from the internal investigation performed by the MoI that the CPA employees are motivated in particular in the form of personal evaluation benefits (96% of the CPA offices) and the financial bonuses (92%). The offered educational

events for employees (92%) and verbal recognition (72%) are also used for motivation purposes (see Velčovský 2011).

The CPA in the Czech Republic features a high share of the social expenses in the labour costs. However, this figure is affected by the high costs spent in the armed forces, i.e. the housing contributions paid to soldiers and the costs of uniforms intended for the armed forces. On the contrary, the other voluntary social expenses are lower than those in the other EU-countries (a non-published RILSA study). Within the civil CPA sector, the only two items with higher contributions than in other sectors are social funds and contributions for meals. The state and contributory organizations are obliged to create a fund of cultural and social needs; as a consequence, the financial means spent on the social funds are higher in public administration than in other sectors. In addition, the meal contributions stay at a relatively higher level. Based on the data obtained from the mentioned investigation of the Ministry of Interior, 76% of the central administration offices provide meal contributions in the form of meal vouchers, service vouchers and/or flexi-passes (Velčovský 2011). This effect, however, is eliminated due to lower utilization of the other voluntary items in the social expenses, and no considerable changes were experienced in this sphere in the past years.

The problem of salaries in the CPA is that the above-mentioned methods of remuneration are not bound to the career promotion system which reduces the motivation effect of the pay. The Ministries may handle the salary budgets assigned for non-obligatory salary components based on their own personal policy. However, in the majority of cases, they do not have any systematic HR management strategy; hence the distribution of salary budgets depends on individual decisions of the management and often does not follow any personal policy guidelines. The aim of this system was to increase the efficiency while handling the salary resources but due to the absence of the supervisory mechanisms, this aim has failed in most cases. At present, the remuneration system applied in the CPA usually misses the mechanisms of assessment and promotion and the system of allocation of the non-obligatory components of the salary is also non-transparent which leads to the demotivating differentiation of income of the individual employees in certain administration offices, all the more so if due to the particular budget restrictions, a higher income paid to certain employees results in a lower income paid to the other employees (Kotchegura 2008, interview Velčovský). This concerns in particular the bonuses which are not limited either in terms of the amount or in terms of the frequency of their payments, and they are usually paid to managing employees.

In addition, the financial bonuses and the personal evaluation benefits have been rather used to make up for the salary level usual in the Czech Republic as the tariff salaries lag behind the salaries paid out in the economy. The personal supplement is actually used to make up for the common level of salaries and has become a fixed part of the basic salary. The interviewees have stated that the attractiveness of the job is thus the major source of motivation, but its level depends on the position held (interviews Velčovský, Pauerová and Zajičková).

Pursuant to Chvalkovská (2013), the average expenses per one public sector employee in the Czech Republic are low if compared with the other OECD countries, but they are not equally distributed among the individual officers at various levels, without any apparent vision of the HR management (Ministry of the Interior 2011). This has been even emphasized due to the introduction of the contract-based salaries paid out to the employees in managing positions. In association with the job position systemization, the Civil Service Act, being under preparation, should contain a modification of the financial remuneration applicable to various job positions which, in addition to the job characteristics and the related qualification prerequisites, should also be based on the budget restrictions applicable to the particular year.

### *Work time arrangements: work & work-life balance*

It can be assumed generally that no systematic change in the working hours setting has taken place over the period under consideration. The working hours schedule and the rules for determining the same is regulated similarly as in other branches with the Act No. 262/2006 Coll., the Labour Code, which stipulates the normal weekly working time of 40 hours (except for specific groups of workers, e.g. working in shifts, for which it is slightly shorter) and the maximum length of a shift as of 12 hours. Employee and employer can agree shorter working hours within a part-time employment contract. The possibility to shorten full-time working hours (e.g. to reduce a full-time week from 40 to 37.5 hours) is not allowed in the CPA (see section on industrial relations). The Labour Code also determines the guaranteed duration of vacation entitlement which is of five weeks in the public sector, i.e. one week more than in the private sector. The timing of the leave then depends on the agreement of employers and employees and on the system set within each individual central office by its management. Within the scope of the individual administration offices, such working regimes as flexible working hours can be – and also usually are – directed and/or negotiated in the Collective Agreement (excluding the implementation of accounts of working hours that are not allowed in the CPA), but these are not any rules determined on a central basis. The employer may also decide unilaterally on the introduction of the flexible working hours.

Taking into account the assurance of the necessary operation during the office hours, it is up to the particular employer and the managing employees to make the arrangements with the employees and to select the supervisory mechanisms to be applied when monitoring the compliance with the working hours. Based on the internal investigation held by the Ministry of Interior of the Czech Republic, 60% of the administration offices have introduced a certain form of flexible working hours (Velčovský 2011). The flexible working hours started to be introduced in the central administration offices in the past decade and the interviewees connect the flexible working hours to the recruitment of the new generation of employees who – inspired by the expanding trends in the private sector – enforced this work time arrangement. It also results from the statements obtained from the interviewees that non-standard working hour modifications may be also based on an individual agreement between the employer and the employees (interviews Velčovský, Pauerová).

In association with the reform of the Labour Offices, an opposite tendency of the transition to the fixed working hours was registered as the resulting centralization does not make it possible to take into account the individual needs of the employees at the branches of the Labour Offices. The working hours are therefore based on the office hours which are determined on a central basis (interview Zajíčková).

Also in the area of overtime work, CPA employers and employees are – as well as employers and employees in other sectors – subject to the Labour Code, which stipulates that overtime work can be required only for serious operational reasons. Employees working overtime are entitled to an extra pay amounting to a normal hourly salary, plus 25% of an average hourly salary (specifically for public employees this share amounts to 50% in the case of work in non-social hours), for every hour worked overtime. However, the employer can – and in reality often do – agree with the employee on paid time off within three months following overtime work, instead on an extra pay. In the case of managerial workers, overtimes are reflected in a higher salary so that no additional entitlements arise from their overtime work. The maximum limits for overtime hours ordered by the employer are set to 8 hours per week and 150 hours annually, unless longer overtime hours are agreed with the employee, which often happens in the employment contracts of managers. Indeed, as the interviewed experts reported, the overtime hours are common in higher positions and in professional positions in the public administration, but they are usually compensated in advance in the form of a higher personal evaluation benefit, or a time-off is

provided against such overtime hours, and so no other salary entitlements arise to the employees for such overtime hours (interviews Velčovský, Pauerová).

On average, the public administration employees usually work less hours than most employees in the other spheres of economy (see Table 5). The average number of the hours worked by women in the public administration is an exception as it is somehow higher than this number reported for the national economy as a whole. This is due to the lower number of part-time employments in the public administration. Pursuant to the internal investigation performed by the Ministry of Interior, 3.21% of employees work part-time in the central public administration offices, of which 61% part-time employees work within the range of 0.6 to 0.9 of the full-time employment and 28% work half-time, even though the possibility of part-time job has been introduced in 88% of such offices (Velčovský 2011). In the opinion of the interviewees, the reason therefore consists in the low level of willingness to offer part-time jobs as it is more demanding in the terms of paperwork to employ a higher number of persons to cover the necessary job positions. As far as employees are concerned, the reason for the low level of interest in part-time employment results from a lower level of job security, lower income and higher proportional work load (the amount of work often does not differ significantly from that performed by full time workers) (interviews Velčovský, Rovenský).

Unlike the other branches, the public administration also reported a growth in the hours usually worked in 2012 which can be explained through the reduction of the part-time jobs and financial reductions in the HR sphere which resulted in the attribution of additional job duties to the remaining employees.

**Table 5: Average hours worked in the public administration sector (in hours/week per 1 employee)**

Hours worked in a week		Public administration					Total national economy				
		2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Hours usually worked	Total	40.2	40.0	39.9	40.1	39.9	41.4	41.2	41.1	40.9	40.5
	Men	40.9	40.7	40.7	40.8	40.4	43.1	42.8	42.6	42.4	42.0
	Women	39.5	39.2	39.2	39.3	39.3	39.2	39.0	39.0	38.8	38.5
Hours actually worked in the reference week	Total	36.4	36.1	35.8	35.7	35.2	37.4	37.4	37.1	36.6	35.9
	Men	38.0	37.7	37.5	37.3	36.8	39.6	39.6	39.3	38.7	38.1
	Women	34.7	34.5	33.8	34.0	33.5	34.4	34.6	34.1	33.8	33.1

*Note: Public Administration = NACE Rev. 2 code 84.*

*Source: Czech Statistical Office: Labour Force Survey 2009-2013*

Thus, the increasing working hours flexibility has certainly a positive effect on the harmonization of the professional and family lives but the contemporaneous reduction in the number of employees which was not accompanied with the mapping of the work agenda of the individual offices, lead not only to the job-related stress in terms of the job insecurity and to the salary reduction, but also to a higher work load of the remaining employees who must often assume the activities (sometimes even brand new activities) of the employees having held the cancelled positions within the statutory deadlines. This can be often reached only through the overtime hours which, however, are often not paid for since the employer officially did not order them (only the tasks to be done were ordered). This problem occurred after the reform of the Labour Offices, for example, and was related to the missing overview of the scope of activities performed

by the Labour Office employees (Špittová 2011, Mužíková 2013). The missing assessment of employees is generally a problem as the work load of the individual employees is not evident and the work is therefore often distributed unequally among workers and among different periods (interviews Velčovský, Pauerová).

## Conclusion

Planning for public administration reform began on the basis of a government decision in the 1998-2002 term. It was divided into two parts – the reform of self-governing territorial units and the reform of the central public administration (CPA). The reforms were to take place concurrently, with a deadline for completion of 2005. Only the reform of the self-governing territorial units was carried out. In the case of the CPA reform, only component changes were made, taking place at several authorities or their subordinate organisations. Proposals for further reform steps brought forth in 2010-2013 and motivated by fiscal and austerity reasons were not implemented or were not seen through to the final phase.

A key factor is the final form of the Act on Civil Servants, a new version of which is waiting to be discussed in parliament, or the amendment of the Civil Service Act from 2002, the force of which has been pushed back year after year, which is also being considered. What the law ends up looking like will depend on the declared programme of the next government and the make-up of the future lower house.

In connection with the final appearance of the act, a General Directorate for Civil Service or similar central authority is planned, which would be in charge of the conceptual and methodological management of the public administration, including staffing policy and education. Such an organisational body would also be a partner for collective bargaining on behalf of employers at a higher level, i.e. at the level of the whole public administration.

At present, collective bargaining in the central public administration takes place only at the enterprise (ministry or office) level with significantly limited potential both in terms of legislation and the limited funds available from the State or relevant ministry budget. In practice collective agreements in the CPA sector do not tend to deviate from the existing legal treatment and to a significant extent restrict the possibilities for motivating public employees.

The implementation of the law would help do away with the long-lasting practice whereby the relatively high level of autonomy public authorities enjoy in influencing the working conditions in the broad sense of the word and the staffing policy in general has led to marked politicisation of the public administration and undervaluing of the long-term development of the most valuable thing the public administration has at its disposal, namely its employees. The following problems have gradually accumulated:

- A lack of any limitation on the politically filled positions in the State apparatus. This fact has led to non-systematic filling of managerial positions based on preferring political affiliation over professional qualification. This leads to the breakdown of career advancement of employees.
- No evaluation of employees has yet been implemented that would connect education, financial remuneration and classification of employees. It is thus not possible to assess and evaluate employee performance in a qualified manner.
- The relatively low fixed salary component lags behind the level of the private sector, which in conjunction with budget restrictions leads to a suppression of any wage incentive. The non-fixed horizontal component, which should serve to reward performance, serves only to bring wages up to standard market rates. This fact mainly impacts employees with high qualifications.
- The allocation of non-fixed components is not transparent and is often viewed by employees as unjust.
- The releasing of employees and establishing of new workplaces is generally carried out without any prior mapping of the agendas in the jurisdiction of various bodies and their employees. The resulting employee levels and structure thereof in terms of qualifications

thus often do not correspond to the scope of activities to be provided for. This fact leads to unequal burdens on employees as well as the same work being done by multiple employees.

- In 2005 "Unified rules for educating employees at administrative authorities" were introduced, setting out an obligatory quota of entry-level education for workers and subsequent expansion of professional qualifications for various types of employees. This educational system in the CPA is not however tied to career advancement and financial compensation, which significantly limits its effectiveness as an incentive.

All the above shortcomings lead to reduction of the professional level of employees in the public administration. Low compensation, lack of transparency in hiring and the manner of remuneration for management employees strengthens the potential for corruption. The human resources system for administrative authorities has integrated elements of the managerial approach (e.g. contract salaries for employees at the top pay grades), but there has been no suppression of politicisation, which results in the measures introduced merely strengthening the powers of the top employees. The economic crisis of the last five years has resulted in austerity measures which the right-wing government focused heavily on slimming down the State apparatus. Job and wage cuts were however made across the board without any thorough mapping of functions, scope of activity performance and working conditions.

All these facts contribute to the demotivation of public administration employees and the flow of the qualified workforce to other sectors of the economy. The failure to respect the opinion of employee representatives when carrying out cost-cutting and organisational measures did not contribute to social reconciliation in the CPA.

A more active legislative activity related to the CPA and state administration in general was shown, though without any results, only closely before the fall of the right-wing government led by Petr Nečas (June 2013) and subsequently during the term of office of the Rusnok's caretaker government. The most significant shift, however, occurred not earlier than in 2014 during the existing, Sobotka's left-right coalition government arisen from the early election in October 2013. The existing Civil Service Act No. 218/2002 Coll, not in force, however, should have been replaced by a new law on civil servants according to the Government Resolution No. 1 of 2011, the preparation of which had been assigned to the Ministry of Interior of the Czech Republic. After long postponements, on 13 June 2013, the bill was presented by the government of Petr Nečas to the Chamber of Deputies of the Parliament of the Czech Republic. Reservations towards this bill, both by trade unions and the opposition, concerned mainly the fact that the bill had not removed the existing politicization of the state administration, made insufficient provisions for an evaluation system and had not made provisions for remuneration of civil servants. After the fall of Nečas' government, the bill was not even discussed by the Parliament. In the middle of 2013, MPs on behalf of the ČSSD prepared an amendment to the existing Act No. 218/2002 Coll. and presented it to the Chamber of Deputies on 23 December 2013. Neither this proposed amendment was discussed due to the dissolution of the Chamber of Deputies. At the end of 2013, another, third bill on civil service had been prepared and in January 2014 submitted by the caretaker government of Premier Rusnok. This bill prepared by the Ministry of Labour and Social Affairs suffered the same fate as the two previous bills.

Upon agreement of coalition partners ČSSD, the ANO political movement and Christian and Democratic Union-Czechoslovak People's Party (KDU-ČSL) arisen from the previous election, the Parliament was presented another, fourth proposal. This proposal which was again an amendment to the Act No. 218/2002 Coll. was adopted by the Chamber of Deputies in September 2014 and then by the Senate of the Parliament of the Czech Republic in October 2014. The Czech President Zeman did not sign the law and sent it back to the Chamber of Deputies. As at the October meeting the Chamber of Deputies confirmed its approval of the original bill, the law was

published under No. 234/2014 Coll., with effect from 1 January 2015. Subsequently, the President of the Czech Republic made a motion to the Constitutional Court which is currently dealing with it.

According to law-makers, the restored law maintains validity of the principles of the original Civil Service Act. "...It only makes adjustments according to the current economic compass of the state and addresses challenges regarding required transparency and incorruptibility of state service." (Quotation from the Statement of Reasons on Act 234/2014).

The Civil Service Act that will come into force on 1 January 2015 could start a positive trend in state administration, especially at its central level, consisting in rectification of the above-mentioned, long-lasting problems and deficiencies, which means in securing greater stability of the administrative apparatus, in the possibility to draw responsibility for evident professional failures and strengthen transparency and systemisation in the state administrative governance. The law could also contribute to improvement in the currently low horizontal cooperation and coordination at the central level. However, to evaluate real impacts of the amended Civil Service Act will be possible only after a lapse of time.

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## **Annex: Methodology**

In drawing up the CPA case study, two main sources of information were used as per the assigned task: existing data, studies and articles and semi-structured interviews with involved parties.

### **1. Desk study**

In order to draw up a summary of the existing knowledge, a large number of administrative documents, legislative norms, articles from the print and internet media, reports, studies and research reports, including theses and dissertations, were collected. There is a relatively limited amount of analytic materials on the topic, so in dealing with certain topic areas it was necessary to draw only on information obtained from the expert interviews. Aside from these materials, data was acquired from Czech Statistical Office ([CSO](#)) from its regular studies “Company Survey on Wages and Employment” (information on the wages of public sector workers) and “Labour Force Survey” (information on the number of hours worked in the public sector), from the Ministry of Finance (final public accounts – information on the number of employees in central public administration bodies), the Ministry of Labour and Social Affairs ([Information System on Labour Conditions](#)) – information on collective agreements concluded in the public sector) and from an internal study by the Ministry of the Interior on human resources at central administrative authorities (Velčovský 2011). For a detailed list of references and sources of information see Chapter 5 of this study.

The CSO data are presented for the sector Public Administration and Defence, Compulsory Social Security (NACE Rev. 2 code 84), which however also includes data on local administration, and for the sector of government institutions (code S.13 in the European System of Accounts ESA 1995), which includes data on all employees of these institutions, i.e. including auxiliary professions. More specific CSO data were unfortunately not available.

The most important and fundamental documents for achieving factual information turned out to be the valid legal standards, as well as official documents from the Office of the Government and the Public Administration Department of the Ministry of the Interior and the aforementioned statistical data. Other source information found, along with the in-depth interviews, served to paint a picture of the historical, political, economic and cultural factors at play, as well as of the actual state of CPA reform.

### **2. Fieldwork**

Of the 20 identified experts representing bodies responsible for development on central public administration (Ministry of the Interior of the Czech Republic) and both sides of the social dialogue (employers and employees of two selected workplaces – the Ministry of Labour and Social Affairs and the Office of the Government), 10 persons were contacted and in-depth semi-structured interviews were conducted with 6 / 7 of them. In selecting the respondents, the length of their experience and expertise was given priority over their current performance of a given function. The MoLSA was chosen for the case study because it is one of the few CPA sectors in the Czech Republic where partial changes and reforms have taken place. These changes were initiated by the Ministry as a superior authority and mainly affected Employment Offices. Audio recordings were made of all the interviews, which ranged from 90 – 120 minutes, followed by transcription for further processing of the information contained therein. Below are brief profiles of the respondents with whom expert interviews were conducted:

#### ***Key experts/stakeholders:***

1. Jan Rovenský, head of the Trade Union of State Bodies and Organisations, the primary and largest trade union bringing together employees of central public administration bodies and local administration in the Czech Republic (just under 21 000 members); in the function since

March 2011; before that long experience working in public administration at the Praha-Východ district office.

2. Václav Velčovský, until 2011 worked at the Public Administration Department of the Ministry of the Interior in the field of human resources conception and education in public administration, international relations with the EU and OECD including social dialogue; a member of the NGO think-tank “Centrum of Excellence for Good Governance”; participated in the amendment of Act No. 218/2002 Coll. (the Civil Service Act).
3. Hana Pauerová, long-time employee of the Public Administration Department at the Ministry of the Interior from 1998 – 2010; sociologist; worked on the public administration reform and concept for educating public officials.

***Workplace level employer and employee representatives:***

4. Vlastimil Neuman, head of the works committee for the Czech Employment Offices since April 2011 and a top union representative in the Employment Office network for the whole Czech Republic (700 members in 26 base organisations in 78 districts in the Czech Republic, i.e. approx. 8 % of the total employees, collective agreement covers approx. 8 800 employees); by profession a lawyer; long-time employee of the Employment Office in Český Krumlov (20 years)
5. Alexandra Zajíčková, former director of the Písek Employment Office, in the function since it was founded (21 years); member of Ministry of Labour and Social Affairs (MoLSA) expert commissions for employment issues
6. Zdeněk Cais, head of the union organisation at the MoLSA since 2009 (25 members in one base organisation, approx. 3 % of the total employees, collective agreement covers 940 employees); employee of the Work Safety Division at the Ministry, before that a member of OS STAVBA ČR (15 years)