

**MUTUAL LEARNING PROGRAMME:  
PEER COUNTRY COMMENTS PAPER – CZECH REPUBLIC**

**Need of the subtle solutions in hard conditions**

Peer Review on “Project Learning for Young Adults: A social integration programme helping young people back into work and education”

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# 1 LABOUR MARKET SITUATION IN THE PEER COUNTRY

*This paper has been prepared for a Peer Review within the framework of the Mutual Learning Programme. It provides information on Czech Republic's comments on the policy example of the Host Country for the Peer Review. For information on the policy example, please refer to the Host Country Discussion Paper.*

## 1.1 General characteristics of the labour market in the Czech Republic

The economic crisis broke five years of almost continuous decline in unemployment in the Czech Republic (CR), which had lasted from the turn of 2003/2004. The registered unemployment rate had been declining during recent years to its lowest level of 5.0% in mid 2008 and has been growing swiftly since then, reaching 8.6% in September 2009. At this moment, the pace and duration of further growth is hard to predict. In parallel with the growth of unemployment since mid-2008, the number of vacancies decreased significantly, thus increasing the number of registered unemployed persons per vacant job from 2 to almost 13.<sup>1</sup> This greatly reduced the chances of finding jobs for unemployed people, especially for those who belong to risk groups (early school leavers, young people, women after maternity leave, older workers (people aged 50 +) and young men with below average education levels. This latter group have seen the biggest increase in their share of the number of registered unemployed).

The five-year period of decline in unemployment in the CR was also accompanied by a decrease in the unemployment of school leavers and young people. The interpretation of statistical data and measures is complicated by the fact that the method of reporting data reflects both the different definitions of graduates in law (especially it is matter of the Labour law and Employment law) and the repeated changes in legislation in recent years. Therefore, in different contexts and at different time periods a graduate is sometimes defined as a person under 25 years of age, sometimes as a person who has worked for more than two years after their graduation and sometimes as a person aged under 20 years.

## 1.2 Educational system and educational structure of population

The Czech adult population is characterized by very low share of people who did not attain at least upper secondary education (10 %) and, conversely, by a low share of people with tertiary education (14 %)<sup>2</sup>. As far as the structure of upper secondary school graduates is concerned, the Czech system of education is a typical example of a dual system (see Table 1) where – despite the recent decreasing trend – a significant proportion of students attend secondary schools issuing apprenticeship certificates (30.2 %) and only a small share of the population pursues general education (21.9 %).

The number of graduates in 2008 is yet to be added post-secondary education (13 143 graduates) and university graduates (50 661). An important group of them is immediately entering schools of higher level, but this also applies to graduates of upper secondary education.

The Ministry of Education, Youth and Sports (MEYS) issues guidelines and supervises initial formal education up to the upper-secondary level. The MEYS has the right to define qualification requirements through a national qualifications system, which is provides a basic systemic tool for initial and continuing vocational education and training (I-VET and C-VET) and the verification and acknowledgement of the results of further education in accordance with Act no. 179/2006. One significant current alternative way to strengthen the

<sup>1</sup> Source: Ministry of Labour and Social Affairs of the Czech Republic (<http://portal.mpsv.cz/sz/stat/nz/mes>)

<sup>2</sup> Education at a Glance 2008

general component of upper secondary education as one of the features in support of lifelong learning is developing the concept of key competences in elementary and secondary school curricula. This effort is relatively new: the curricular reform was effectively launched by the adoption of the Educational Act (no. 561/2004 with later amendments) in 2004 – therefore its outcomes cannot yet be evaluated objectively.

**Table 1: Number and structure of upper secondary school graduates (without early school leavers) (2008)<sup>3</sup>**

Secondary without apprenticeship certificate (ISCED 2C/3C)	558	0,5 %
Secondary with apprenticeship certificate (ISCED 3C)	33517	30,2 %
Secondary with vocational training and with Maturity exam (ISCED 3A)	7367	6,6 %
Secondary technical with Maturity exam (ISCED 3A)	45293	40,8 %
Secondary general with Maturity exam (ISCED 3A)	24284	21,9 %
<b>Total</b>	<b>111019</b>	<b>100 %</b>

### 1.3 Graduate unemployment and the impact of economic crisis

The impact of the economic crisis on unemployment of secondary school graduates and post-secondary vocational education graduates has been analysed in the study conducted by Chamoutová (2009)<sup>4</sup>. It states that in previous years (until 2008) it was possible to rely on the cyclical developments in the employment of graduates, each associated with an increase in summer after the school year and gradually decline to and even below the level of the previous year. Between 2008 and 2009, this cycle did not occur. To put it in the most recent figures, the number of graduates of schools of all levels of education and young people registered at employment offices as unemployed reached 38 026 in Czech Republic in September 2009, which is approximately 9,000 more than it was in September 2008. School leavers and young people represent 7.6% of all registered unemployed. With regard to unemployment by education level, graduates are less likely to be vulnerable to unemployment the higher the level of education they attain (see Table 2).

In addition to graduates in the labour market figures (data from spring 2009 in Chamoutová 2009) there is about 6,000 early school leavers i.e. young people who left school in the last two years without having completed lower secondary (compulsory) education (248 adolescents) or upper secondary education (5,581). They represent a relatively insignificant group in terms of their share of the total population (out of a total population of 870 412 for the age group 15 – 19 in the CR) of, but represent a significant proportion of unemployed young people: "The total number of unemployed graduates, including young people in April 2009 comprised 30.7% of graduates of secondary education with a vocational certificate, 22.5% of graduates of secondary vocational education with the Maturity exam (ISCED 3, the school leaving exam) and 22% of adolescents (without education or with elementary education). This is followed by graduates from secondary vocational education with GCSE and vocational training - 11.3%, university graduates - 8.0%, graduates of secondary schools - 3.4%, and graduates from higher vocational education - 2.2%. (Chamoutová, 2009, p22).

<sup>3</sup> INFORMATION SYSTEM OF EMPLOYMENT OF THE SCHOOL GRADUATES IN THE LABOUR MARKET, 2008 (<http://www.infoabsolvent.cz/TematickyKatalog/SStranka.aspx?SmerS1=3&CiloveSkupiny=2&KodStranky=5.1.08>)

<sup>4</sup> Chamoutová, D. Nezaměstnanost absolventů škol se středním a vyšším odborným vzděláním – 2009 [Unemployment of youth with upper-secondary and higher education - 2009]. Prague: Ministry of Education, Youth and Sports, 2009.

**Table 2: Unemployment rate of graduates by educational attainment (Chomoutová, 2009)**

Secondary with apprenticeship certificate (ISCED 3C)	11,8 %
Secondary with vocational training and with Maturity exam (ISCED 3A)	10,1 %
Secondary technical with Maturity exam (ISCED 3A)	6,4 %
Secondary general with Maturity exam (ISCED 3A)	1,9 %
Post-secondary (non-tertiary, ISCED 5B)	5,3 %
Tertiary (ISCED 5A)	2,2 %

#### 1.4 Summary

The proportion of young adults and early school leavers in the total unemployment has declined due to the fast growth in the overall unemployment rate in the last year increased, but their situation is potentially dangerous. Research (including the data on the development during and after the Czech economic crisis at the national level in the second half of the 1990s) suggests that recent graduates and young adults will find a job later than workers with experience from work even with the economic recovery and the duration of their unemployment will be longer than that of the average unemployed individual.

## 2 ASSESSMENT OF THE POLICY MEASURE

In the Czech Republic, the problems related to unemployment, including unemployment of graduates and young people are being addressed through active employment policies. In addition to standard schemes of active employment policies (ALM) there are resources from the European Social Fund (ESF) invested through individual projects.

### 2.1 Active employment policy in the Czech Republic

The ALM policy has been pursued by the network of district employment offices in the Czech Republic based on Act no. 435/2004 On Employment (with later amendments). Local employment offices get funding from central government budget (taking into account local specifics to a certain extent) and more expensive measures have to be approved by the Ministry of Labour (MoL). Measures of an educational nature (retraining schemes etc.) are usually outsourced to external private providers; employment offices buy training for their clients on open market of education and training providers. There is no state-run institution to guarantee or provide adult education and C-VET in the Czech Republic.

Employment offices can draw on a set of tools, most of which are connected with educational support. These include the retraining of unemployed people (see Box 1), educational support through financial incentives for employers, investment incentives, and also so called socially purposeful jobs. All these tools should directly or indirectly reflect labour demand by employers, whether through research on employer's needs (where retraining is concerned) or through an agreement on qualification co-funding partnership.

#### Box 1. Retraining efficiency, 2007

“Retraining efficiency” (i.e. re-employment probability among job-seekers within 12 months after completion of retraining) was approximately 48.2% (approximately 45.9% for women, 65.7 % for school graduates and 60.5% for people up to 25 years of age). About 57.7% of people re-employed after retraining were back to jobs within 3 months after completion of retraining.

The highest efficiency – 53.6% – was achieved in specific retraining (55.3% for blue-collar jobs, 53.1 for office jobs); another area with a high retraining efficiency was retraining for business – 63.1%; the corresponding share among retraining courses was relatively low (3.9 %) and requirements for participants of this retraining were met. The efficiency of non-specific retraining was 59.3% and the efficiency of the most widespread retraining designed to expand training (whose share among all retraining courses was 46.0%) was 46.2%.”

*Source: MoL (2008): Analysis of employment and unemployment trends for 2007, p. 59*

According to the latest amendment of the Law No. 435/2004 Coll. Employment valid from January 2009, which ought to reconcile employment with the positive developments in the labour market observed in 2008, all new school graduates receive special support in finding employment for a maximum period of two years (although not past the age of 20). Newly graduated undergraduates also receive help to find employment for a maximum of 3 years and not past the age of 30. Furthermore, the law stipulates that job seekers must have an individualised action plan drawn up to increase the scope for job candidates on the market if the applicant is registered continuously for more than 5 months. The candidate is obliged to cooperate with the Labour Office in drafting, updating and evaluation of the dates specified by the work and is also obliged to meet the conditions laid down plan. Violation of these conditions leads to the exclusion of candidates from the register for at least 6 months<sup>5</sup>.

<sup>5</sup> A proportion of excluded candidates is up to 10 % (source: communication with labour offices personnel).

## 2.2 Grant schemes and use of European social funds

Nowadays the ESF is a key source of funding for educational activities aimed at unemployed graduates and young people. Support is divided between two priorities:

1. Support of the active employment policy. The support aims to strengthen the prevention of unemployment and improve access to employment, improving the quality of information, consultancy, training and mediating services provided by institutions in the labour market.
2. Social integration and equal opportunities. This support will focus on helping groups at risk of social exclusion and socially excluded, including groups from different socio-cultural environment. The aim is to ensure the quality and availability of social services leading to an increase of employment of target group.

The way in which funds are used and the effectiveness of this procedure can be deduced from the evaluation of the programming period 2004-2006, since data for the programming period 2007-2013 are still fragmented. The clear majority of the funds in job policy were directed to projects implemented by the private sector. The dominating activity of the projects is the realization of retraining courses. According to Hartlová<sup>6</sup> (2008), whose work is also based on investigations among employees of labour offices, specific retraining is most effective, as well as projects based on the analysis of the local labour market in order to match skills with the needs of employers. Non-specific retraining courses have not proven to be effective. The success rate of courses also differs according to target groups: while the development of professional skills is suitable for job seekers, courses that motivate participants are better for long-term unemployed people.

## 2.3 Example of measure

The most common way of supporting graduates in the Czech Republic is through the creation of "socially purposeful" jobs with the financial support of the corresponding labour office (see Box 2).

### Box 2.

Example of creating "socially purposeful" jobs by the Labour Office in the Nachod district Programme "Start the Careers".

This grant programme aims to help the graduates of schools, secondary vocational schools and early school leavers/low skilled and low qualified young people to find a job.

On 31st December 2008 there were 177 job seekers the age of 20 years registered at the Labour Office, which made up 6.6% of the total number of registered job seekers. On the same date, 841 candidates without qualification were registered with the Labour Office had in its register, which amounted to 31.2% of the total number of applicants.

Programme objective:

To reserve socially purposeful jobs with employers for job seekers aged 20 years and under, particularly for candidates aged under 18 years and those with insufficient qualifications.

Conditions for the grant:

- to employ job seekers aged 20 years and under, especially candidates with no qualifications and job seekers with higher qualifications in jobs which ideally match their area of expertise;
- to conclude an employment contract of indefinite duration, in justified cases of fixed duration.

<sup>6</sup> Hartlová, 2008 ([http://www.nvf.cz/esf/dokumenty/prezentace\\_projektu/obecne/hartlova.pdf](http://www.nvf.cz/esf/dokumenty/prezentace_projektu/obecne/hartlova.pdf))

Way of encouraging the emergence of a reservation of jobs:

- contribution from the labour office to wage costs including social insurance contributions up to a 15, 000 CZK per month (approximately EUR 550; 65 % of the average wage in the CR);
- contributions are provided for a maximum of six months.

## 2.4 Summary

The Slovenian scheme is one of the subtle variations of active input into the problem of unskilled youth. Given the current state of the Czech economy this measure would not be used as an instrument capable of fully solving the problem of early school leavers and young adults on labour market, but it can provide important help to address issues of particular local circumstances where it is necessary to prevent the social exclusion of certain groups.

### 3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

The transferability of the Slovenian example to the Czech Republic does not appear to be subject to any major problems, as evidenced by some common aspects of selected projects in the CR and the measures being discussed. There are however a few issues which may affect the transferability of the Slovenian example; notably the financing and implementation elements would have to be adapted to take into account the environment of the Czech Republic. There may also be some problems related to the institutional base of educational services. The problem also may be a different institutional base of educational services. In order to ensure effective transferability, the following issues should be addressed:

1. The question of qualifications, their acquisition and recognition

As mentioned above, specific courses, which issue a certificate of retraining, seem to be effective in the Czech environment. These courses allow young people to directly access the job chosen in agreement with the employer. It seems that the project PLAY does not focus on this aspect.

2. The question of institutional anchoring

The institutional base for education and training in the CR differs from the situation in Slovenia. In the case of PLAY-type measures the assignment would have to be directed to a number of mainly private institutions. Such a fragmented implementation of measures - typical for the Czech environment - would probably bring major dilution of the main principles of the programme. Implementation would be subject to the granting of wide range of individual grant projects.

3. Problem of fragmented target population.

The target population of PLAY measure is again slightly different in the Czech Republic from the situation in Slovenia. The target population is quite regionally scattered, with the exception of a higher concentration of unemployed graduates and early school leavers in socially excluded communities, often ethnically defined groups (Roma minority). Therefore, it would always be necessary to carefully consider the specifics of the target population of each area in which the project is to be implemented.

## 4 QUESTIONS

### **Costs and efficiency**

Is it possible to give precise examples of project budgeting and the evaluation of economic benefits?

### **Contribution for qualification of the participant**

The Slovenian programme does not seem to bring a participant crucial contribution in terms of formal qualifications: is the element of acquisition or recognition among the measures?

### **Reflection of educational needs**

It is not clear to what extent the programme allows for job-seekers to identify and implement activities geared towards their own educational needs. To what extent is the job-seeker an independent participant in the process within the programme beyond their decision to enrol/withdraw enrolment?

### **Key and specific competencies**

Is it possible to give a more precise specification of the competences that the project develops?

Are competences uniformly defined for all practitioners or are they mutually different?

## ANNEX 1: SUMMARY TABLE

<b>Labour market situation in the Peer Country</b>
<ul style="list-style-type: none"> <li>• The economic crisis broke five years of almost continuous decline in unemployment in the Czech Republic (CR), which had lasted from the turn of 2003/2004. The registered unemployment rate had been declining during recent years to reach its minimum of 5.0% in mid 2008; it has been growing swiftly since and reached 8.6% in September 2009.</li> <li>• There are about 6,000 young people who left school in the last two years without having completed lower secondary (compulsory) education (248 adolescents) or upper secondary education (5,581) in the CR.</li> </ul>
<b>Assessment of the policy measure</b>
<ul style="list-style-type: none"> <li>• In the Czech Republic there are problems related to unemployment, including unemployment among graduates and young people being addressed through an active employment policy.</li> <li>• Support from the ESF is today a key source of funding for educational activities aimed at unemployed graduates and young people.</li> <li>• The proposed Slovenian scheme cannot be used as an instrument to fully solve the problem of youth unemployment but it can significantly help to address issues of particular local circumstances where it is necessary to prevent social exclusion of certain groups.</li> </ul>
<b>Assessment of success factors and transferability</b>
<ul style="list-style-type: none"> <li>• For the purpose of portability the following issues should be addressed: 1. The question of qualifications, its acquisition and recognition. 2. The question of institutional anchoring. 3. Problem of scattered target population.</li> </ul>
<b>Questions</b>
<ul style="list-style-type: none"> <li>• Is it possible to give examples of project budgeting and the evaluation of economic benefits?</li> <li>• The programme does not seem to bring participants crucial contribution in terms of formal qualifications: is the element of acquisition or recognition among the measures?</li> <li>• Is it possible to give a more precise specification of the competences that the project develops?</li> <li>• Are competences uniformly defined for all practitioners or are they mutually different?</li> </ul>