

9. Labour Regulation

EMPLOYMENT CONTRACT

Employment contracts must be concluded in writing with the following minimum mandatory content: place of work, starting date of employment and nature of the work. Employees have to be informed in writing about their duties and rights, such as holiday allowance, wage and payment dates, working hours, job description, termination period, information about collective agreements, etc., within one month after concluding an employment contract if such information is not stated in the contract.

TERMINATION OF EMPLOYMENT CONTRACT

Employment contracts can be terminated by:

- mutual agreement – the employment contract is terminated on an agreed date
- expiration of the employment contract – in the case that the employment contract is concluded for a limited period
- termination during the probation period
- notice of termination
- immediate termination

An employer may serve a notice only from the reasons stipulated in the Labour Code (**Labour code in English** - http://www.mpsv.cz/files/clanky/3221/labour_code.pdf including new termination reason consisting of especially gross breach of a medical treatment regime by an employee). An employee whose employment relationship is terminated by notice given by his employer for one of the reasons given by law - section 52 a) to c) or by agreement is entitled to receive the severance payment depending on the length of employment (one, two or three average monthly earnings depending on whether employment has lasted less than 1 year, from 1 to 2 years or more than 2 years, in the case of a special working time account, it is increased by three-fold average monthly earnings). An employee whose employment relationship is terminated by notice given by his employer for the reasons stated in section 52 d) is entitled to receive severance pay in the amount of at least twelve times his average earnings.

WORKING HOURS

- The maximum weekly working time is 40 hours.
- The maximum weekly working time of employees who work underground or in a three-shift or non-stop operation is 37.5 hours.
- The maximum weekly working time of employees who work in a two-shift operation is 38.75 hours.
- The maximum weekly working time of employees under age 18 is 40 hours within all labour law relationships (max. 8 hours per day).
- The employer decides on work schedules after consulting the competent trade-union organisation. As a rule, working time shall be scheduled over five working days per week.
- Regardless whether the working time is evenly or unevenly scheduled, the length of one shift should not exceed 12 hours. The same applies to a flexible schedule of working time.
- The employer may, for instance, introduce an account of working hours which enables the allocation of working hours according to seasonal variations and number of contracts. After an employee has performed a maximum of six hours of continuous work, his/her employer is obliged to give him/her a work break for food and rest lasting at least 30 minutes (which can be divided into several parts whereas one part shall last at least 15 minutes). For employees under the age of 18, the maximum time of continuous work is 4.5 hours. Work breaks that are provided for food and rest are not considered working time.
- An employer is obliged to schedule working time so that from the end of one shift until the beginning of the next one, employees will have an uninterrupted period of rest of at least 12 consecutive hours in 24 successive hours. For employees over 18 years of age, their rest period may be reduced to a minimum of eight consecutive hours in a 24-hour period, provided that they work in non-stop or unevenly scheduled operations or overtime work and that their next rest period is extended by the amount of time by which their preceding rest period was shortened.

- The employer shall schedule working time in such a manner that the employee has one uninterrupted rest period of a minimum of 35 hours during each week (employees under 18 have a minimum of 48 hours). For employees over 18 years of age, the rest period may be reduced to a minimum of 24 hours; however, their next rest period must be extended by the amount of time deducted from the preceding rest period.
- If operations so allow, the employer shall schedule a weekly uninterrupted rest period for all employees that includes the same day and in such a manner that it shall include Sunday.
- In practice, employers tend to allow their employees greater flexibility for organizing their own working time by introducing forms of flexible working hours, which could prove to be a significant motivating factor. Flexible working hours may be set up as a flexible working day, week or maximum twenty six-week balancing period.

OVERTIME WORK

- In extraordinary cases an employer may only require overtime work when there are serious operational reasons for it. A total scope of overtime work may not exceed on average 8 hours per week calculated over a period of no more than 26 consecutive weeks (maximum 150 hours in the calendar year). Only the relevant collective agreement may extend such period to a maximum period of 52 consecutive weeks. In excess of this scope, the employer may require further overtime work only with the consent of an employee. The total overtime work may not exceed on average 8 hours per week calculated over a period of no more than 26 consecutive weeks (approximately 416 hours per calendar year).

REMUNERATION

- An employee is entitled to his/her wages and a premium (bonus) payment of at least 25% of average earnings for overtime work (or time off in lieu of such premium payment). The Labour Code allows to take into account, when negotiating salary, an agreed scope of overtime for all employees. Such agreed salary may reflect overtime work in a maximum scope of 150 hours of overtime per calendar year for ordinary employees and for managerial staff within the total scope of overtime work (roughly 416 hours a year).
- An employee is entitled to his/her wages and (paid) time off (one hour of work on a holiday = one hour of time off) for his/her work on a public holiday. If an employee and his/her employer so agree, instead of time off such employee may receive (in addition to his/her wages) an extra (bonus) payment for work on a public holiday in the amount of at least his/her average earnings (100%). There are currently 13 public holidays in the Czech Republic (when a public holiday falls on a working day, an employee is entitled to compensation in the amount of average earnings for the lost salary).
- The premium (bonus) payment for work on Saturdays and Sundays and for work at night is 10% of average earnings unless agreed otherwise.
- The premium (bonus) payment for work in arduous and hazardous conditions is 10% of minimum earnings. The wage rate may not be lower than the appropriate minimum rates stipulated by a government decree: currently CZK 8,000 (EUR 320) per month for a 40-hour week or CZK 48.10 (approximately EUR 2.00) per hour (average exchange rate CZK/EUR = 25) for the easiest work. Otherwise the minimal guaranteed wage depends on the type of work and ranges from CZK 8,000 to 16,000. For the purpose of calculating the wage rate, the wage shall not include any premium (bonus) payment for overtime, work on holidays, etc.

TRADE UNIONS

- The Czech Republic operates on the principle of free establishment and competition of trade unions. Establishment of a trade union is not mandatory in companies. The minimum number of employees needed to establish a trade union is three.
- The role of trade unions in the Czech Republic is still largely perceived as social – there is no history of large-scale strikes or lockouts. Trade union membership as of 2010 was 435,939 employees, i.e. approximately 10% of all employees.

The number of registered union members is steadily decreasing.

Trade-union members registered with the Czech-Moravian Confederation of Trade Unions

Year	1995	2000	2002	2005	2006	2007	2008	2009	2010
Number of registered union members (incl. retirees)	2,292,300	1,025,800	829,993	610,000	569,000	539,000	511,488	469,510	435,939

Source: Czech-Moravian Confederation of Trade Unions, 1995-2011

SUMMARY

<u>1. Working hours</u>	Exceptions:
Max. weekly working time 40 hours Workdays (hrs) PER YEAR 253 (2,024)	<ul style="list-style-type: none"> ❖ 37.5 hrs per week = underground work, three-shift operation or uninterrupted operation ❖ 38.75 hrs per week = two-shift operation ❖ 40 hrs per week / max. 8 hrs per day = employees under 18 years of age
<u>2. Work breaks for food and rest</u>	
<ul style="list-style-type: none"> ❖ After 6 hrs – min. 30 minutes ❖ Not included in working time 	<ul style="list-style-type: none"> ❖ After 4.5 hrs – min. 30 minutes – employees under 18 years of age
<u>3. Overtime work</u>	
MAY BE ORDERED ONLY WITH THE EMPLOYEE'S CONSENT	
Max. 150 hrs per year - more than 150 hrs per year / 8 hrs per week maximum <ul style="list-style-type: none"> ❖ Max. 8 hrs per week in average 	
Overtime does not include compensated time off (1 hour overtime work = 1 hour off)	
<u>4. Wages</u>	
<ul style="list-style-type: none"> ❖ Minimum gross wage = CZK 48.10 / hour, i.e. CZK 8,000 per month. Minimum guaranteed wage CZK 8,000 to 16,000. 	
<u>5. Minimum premiums (bonuses) according to the law</u>	
<ul style="list-style-type: none"> ❖ Overtime work = + 25% ❖ Afternoon shift = not regulated ❖ Night shift = + 10% 	<ul style="list-style-type: none"> ❖ Work under arduous or hazardous conditions = + 10% ❖ Work on Saturdays and Sundays = + 10% ❖ Public Holidays = + 100% <p>See the Remuneration paragraph</p>

* Source: Labour Code (Act No. 262/2006 Coll.)