

COMPARATIVE ANALYSIS

YOUTHS UNEMPLOYMENT CZECH REPUBLIC



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October, 2019



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EXPLANATION OF TERMS

The employed

According to the definition of the International Labor Organization (ILO), persons aged 15 and over who, during the week in which the number of the employed is measured, meet one of the following conditions:

- work for pay (employees) for at least one hour,
- work for profit (entrepreneurs and cooperating family members) for at least one hour,
- have a job but are temporarily absent (due to injury, illness, leave, study leave, maternity or parental leave, etc.).

The unemployed

The unemployed are defined as persons over 15 years of age who had no employment (or business) during the reference period (ie during the survey week), did not work a single hour for wages or remuneration (ie nor did they business) and actively sought work that they would be able to take up within two weeks at the latest.

Labour force

Labor force means the sum of the number of employed and unemployed persons. Other residents (children, full-time students, pensioners, housewives, etc.) are not included in the labor force.

The ILO definition is used for international comparisons of unemployment. This methodology provides internationally comparable data and is used for OECD, Eurostat and other statistics. It must be respected that the definition of the unemployed according to the ILO differs from the definition of jobseekers registered at employment offices, and therefore the unemployment rate used for comparison may differ from the unemployment rate calculated on the basis of data on the number of unemployed from the MLSA. (Czech Ministry of Labour and Social Affairs).



1. General situation in the field of unemployment

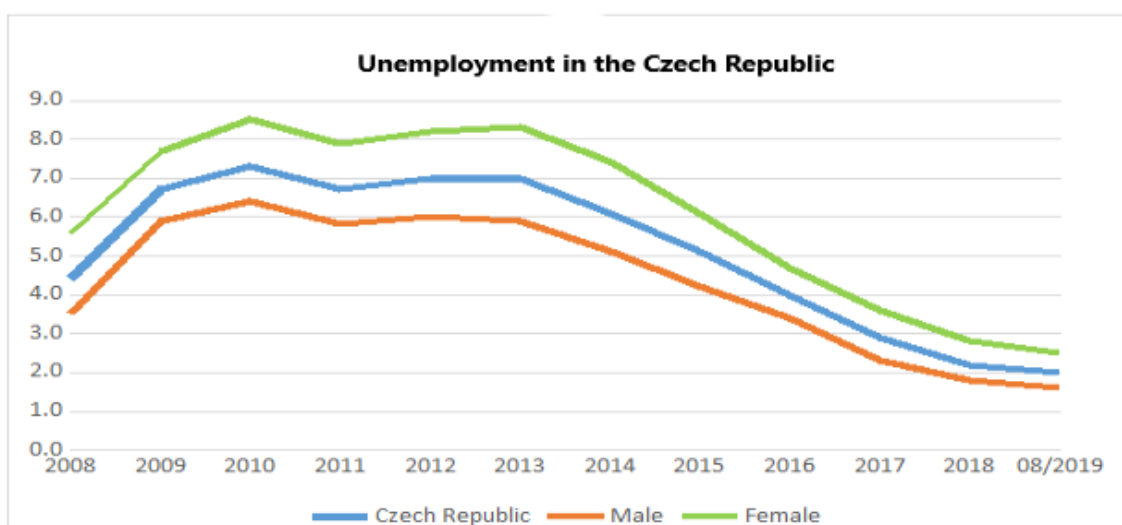
In October 2019, only 2.6% unemployment was recorded, the unemployment rate decreased from the previous value of 2.7% and the number of people actively looking for work decreased again. It seems that those who want to work will currently find a job without problems and extremely quickly. **This trend should continue**; so far it is estimated that this year's average unemployment should not exceed 3%.

0.2% less year-on-year

Year-on-year, the unemployment rate fell by another 0.2%, whereas last year the Czech labor market was already almost exhausted. This further decline was mainly due to **seasonal employment** and the fading tourist season, which lasted longer than usual due to warm weather. The Czech Republic is still reaching record levels in employment indicators and the unemployment rate is currently the lowest in the EU. The unemployment rate in the Czech Republic has probably reached its bottom, in the next period it will rather only grow as seasonal work in tourist services and construction will be reduced.

2.8% per year

The average annual unemployment rate **in 2018 was 3.2%**. In 2019, this average rate is expected to fall to 2.8%. This will again place the Czech Republic among the countries with the lowest level of unemployment in the EU. This trend could continue in 2020, when the average annual unemployment rate is expected to be around three percent; the unemployment rate will probably slightly exceed 3% next year. However, the question is how the expected slowdown in economic growth to around 2% will show in this respect.



1.1 The situation of youth unemployment

The situation of young people in the labor market, which has been dramatically affected by the consequences of the economic and financial crisis that began in 2008, is a major challenge for the European Union and its Member States. Although youth unemployment fell after peaking in 2013, it remains a serious problem: in 2016, 4.2 million young Europeans could not find work and the proportion of those who are long-term unemployed remains high. (*Euractiv, Published: 2/9/2015*)

With a relatively low youth unemployment rate, the Czech Republic is one of the most successful countries in the EU. Despite the fact that the unemployment rate of young people in the Czech Republic is still below the EU average, it significantly exceeds the overall unemployment rate in the Czech Republic.

Youth unemployment in the Czech Republic fell to 5.10% in August 2019 from 6.40% in July 2019. The unemployment rate averaged 13.66% from 1993 to 2019.

Economic inactivity of young people in the Czech Republic and its regions according to the VŠPS (=College of Political and Social Sciences)

In 2016 Q4, the share of economically inactive young people in the population aged 15 to 24 in the Czech Republic was 67.5%. Over the course of six years, it decreased by 1 percentage point, reaching 64.1% in the Pilsen Region. Between 2010 and 2016, it fell by 1.8 percentage points, which is the fifth lowest share in the interregional comparison. The highest portion of economically inactive young people was recorded in the Pardubice Region (60.6%), while the highest value was reached in the City of Prague (73.5%).

The share of NEETs in the population aged 15-29 in 2017

Comparison of the Czech Republic with the EU average:

- In the Czech Republic, a tenth of young people (15–29 years) have the status of NEETs, exactly 10.0%, which is below the EU average (13.4%).
- In the Czech Republic, the shares of NEETs in the young population are lower than the EU average, both overall and after dividing the population aged 15–29 by educational attainment.
- The highest share of NEETs in the Czech Republic is in the group of high school graduates/leavers with vocational education (12.5%). The reason may be the earlier establishment of a family than in the tertiary educated. (The EU average is 17.0%.)
- The lowest share of NEETs in the Czech Republic is among secondary school graduates/leavers with general education (4.1%), which reduces the overall average for secondary school students in the Czech Republic to 11.0%. (The EU average is 9.1% of general secondary schools, 13.3% of secondary schools in total.)

- 6.9% of people with tertiary education (universities or colleges) in the Czech Republic do not work, nor do they receive education. (The EU average is 9.6%.)
- Among young people with primary or lower secondary education (without apprenticeships) at the utmost, NEETs are less than a tenth (9.9%). (The EU average is 15.7%.)

The share of NEETs among people with basic education is lower in the Czech Republic than, for example, in neighboring Austria and Germany, despite the fact that we have significantly higher values among secondary school graduates than in Austria and Germany.

Unemployed versus inactive

- In the Czech Republic, as in all countries neighboring the Czech Republic, the inactive make up the majority as compared to the unemployed.
- In the Czech Republic, the overhang of inactive NEETs over the unemployed is threefold (the most significant in the EU).
- Bulgaria also recorded a similarly significant overhang of the inactive, while Estonia, Estonia, the Netherlands, Romania, Germany, Denmark, the United Kingdom and Poland recorded more than twofold overhang as compared to the unemployed.
- By contrast, the most pronounced overhang of the unemployed over inactive NEETs in the EU was in Greece (double), Spain, Croatia and Portugal.

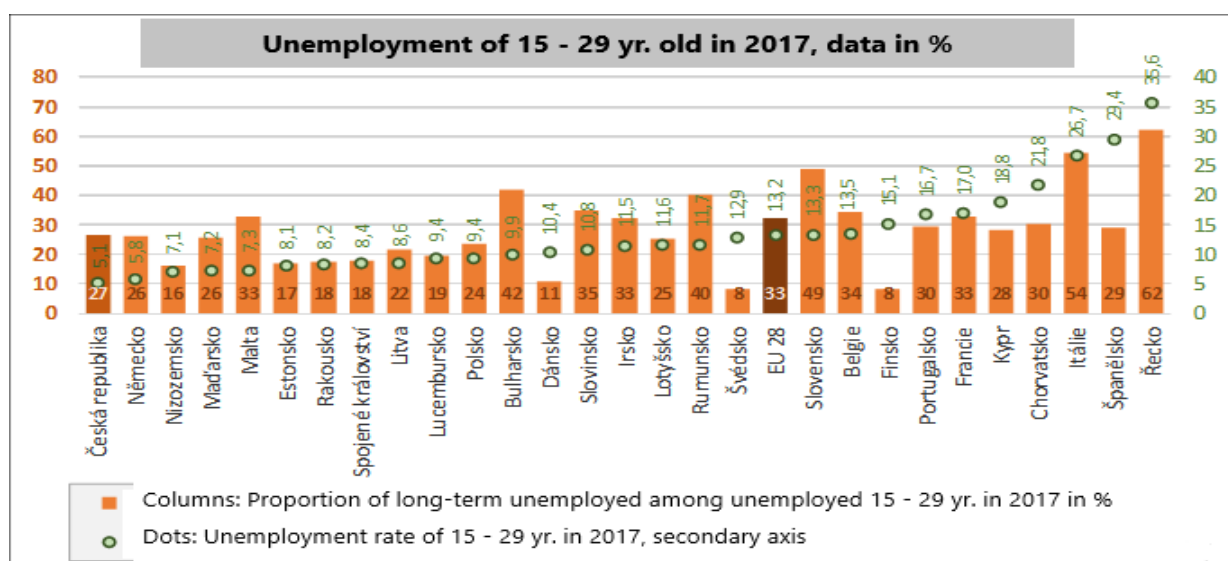
Reasons for inactivity: expectation of a call from former work, illness or inability to work, other family or personal commitments, care for children or adults in need, assumption that a suitable job is not available, invalidity pension and other reasons.

In the Czech Republic and Slovakia, the main reason for inactivity of 15–29-year-olds is care for children or needy adults (legally incapacitated or incapacitated for work) and cohesion with the family as such (requiring care for siblings, household), in both reasons more pronounced than the EU28 average. To a greater extent than in other countries, disability pension also appeared among the reasons. NEETs in the Czech Republic do not believe that they could not be useful in the labor market.



Unemployment of young people in the Czech Republic and its regions according to the VŠPS

Youth unemployment is among the lowest in Europe. The specific unemployment rate of young people in the Pilsen Region reached 10.9% and was 0.1 percentage point higher than the Czech average. In the 4th quarter of 2016, the Pilsen Region ranked ninth highest in the interregional comparison. Between 2010 and 2016, youth unemployment in the region fell by 3.4%. Due to the low representativeness of the data in the 4th quarter of 2016 for employees aged 15 to 19 in the Zlín Region, it was not possible to calculate a specific unemployment rate aged 15 to 24 and show this indicator in the following graph. A similar situation arose in the Pilsen Region, where the data for the unemployed aged 15 to 24 in the 4th quarter of 2015 were not sufficiently representative.



Unemployment and inactivity of young people aged 15 to 24

Youth unemployment rate (aged 15–29) in 2017

The Czech Republic experienced a sharp increase in the youth unemployment rate already in 2009, and continued growth until 2010, followed by a slight decline, which was replaced by renewed growth in the following year. After 2012, the youth unemployment rate in our country (15–29 years) began to decline steadily.

On average in the EU, the youth unemployment rate jumped almost immediately with the onset of the crisis and rose until 2013.

ČR: 5,1 % (lowest in the EU); average for **EU: 13,2 %.**

1.2 Unemployment of people with disabilities

The situation of graduates with disabilities on the labor market is difficult. Some employers perceive the employment of people with disabilities as a certain enrichment of the corporate culture, but on the other hand, many of them place high qualification and work demands on graduates with disabilities. In addition, they often show a reluctance to solve "extra problems". **In relation to the employment of graduates, employers see the main obstacles in the lack of graduates with the appropriate field and level of education, the expected lower performance, the need for employment orientation, increased costs and other reasons. They also state they don't have a clear picture of the issue of employing graduates with disabilities, they often do not know in what positions graduates with disabilities could be used. What can they expect from them, what conditions would they have to create and so on.** Their statements show that many companies prefer a simpler solution, such as contributions to the state budget, or prefer to employ an older employee who has become disabled, but already has proved useful, while accepting a graduate with disabilities is perceived as risky.

The main tools for strengthening the interest in employing graduates with disabilities

- **Economic motivation, which in the opinion of most potential employers (89%), would have the greatest impact.**
- **Increase of awareness of graduates with disabilities, especially:**
- **Information on what work graduates with disabilities are able to perform, what positions they can fit to (88%).**
- **Information on the claims of graduates with disabilities for possible modifications at the workplace, aids, etc. (83%).**
- **Increasing the level of knowledge and skills of graduates with disabilities.**

Employers also see an important area for improving the competitiveness of graduates with disabilities on the labor market in the school system. Approximately 87% of them believe that it is necessary to increase the level of knowledge and skills of graduates with disabilities. Here again, it shows that at the individual level in relation to counseling, it is necessary to support the choice of such an education that will make the most of the potential of a pupil with disabilities and will develop those skills that are not negatively affected by disability. At the school level, emphasis should be placed on the development of competencies that employers consider necessary in the field of education of pupils with disabilities.

- **Development of cooperation between schools that educate pupils with disabilities and employers.**

Increased cooperation is needed both in terms of greater awareness of employers about graduates with disabilities and wider contact with them, as well as a reflection in schools in regard of the needs of the labor market.

Information service to facilitate the search for suitable graduates with disabilities and legal information support, for example:

- Websites focused on the employment of graduates with disabilities (78%).
- Providing information services to companies that are interested in graduates, ie hiring PWDs (77%).

2. Legislative framework

The basic legislation in the Czech Republic dealing with unemployment is Act No. 435/2004 Coll. ie the Employment Act, which regulates the provision of state employment policy, the aim of which is to achieve full employment and protection against unemployment. This law deals, among other things, with the issues of employment of foreigners and the employment of people with disabilities.

The Czech Republic's obligation to pay increased attention to supporting the employment of young people is set out in the recommendation of the European Council (2013 / C 120/01), which the Czech government has committed itself to implementing. It guarantees that every young person under the age of 25 receives a good-quality offer of employment, further education, training or internship, within 4 months after becoming unemployed, completing formal education or leaving the formal education system.

In the case of people aged 15 to 24, the Czech Republic has set a target of reducing their specific unemployment rate to 12.2% by 2020. The MLSA undertook to fulfill it within the framework of the Employment Policy Strategy until 2020, which was adopted by the government in a resolution in October 2014.

These objectives, although originally fulfilled already in 2015 and in 2018, are in line with the objectives of the OP Employment 2014-20. The effectiveness of these measures is currently being disputed in the Czech Republic between the SAO (=NKÚ), the MLSA CR and the Labor Office of the Czech Republic.

2.1 Summary of the basic problems

The provision of § 103 para. 5 of the Labor Code sets out the obligation of the employer, in particular to provide at its own expense for employees with disabilities, through technical and organizational measures, the necessary adjustment of working conditions, the adjustment of workplaces, the establishment of sheltered jobs, the training or apprenticeship of such employees and the improvement of their qualifications in the performance of their regular employment.

Section 111 of the Labor Code empowers the government to regulate the amount of the basic rate of the minimum wage and other rates of the minimum wage graduated according to the degree of influences restricting the employee's employment and the conditions for providing the minimum wage.

On 6 December 2006, the Government issued Regulation No. 567/2006 Coll., On the minimum wage, on the lowest levels of guaranteed wages, on the definition of a difficult working environment and on the amount of the supplement to wages for work in a difficult working environment. Under this regulation, the minimum wage and the lowest levels of the guaranteed wage may be reduced to only 75% of the amounts applicable to other employees, depending on the degree of influence limiting the employment of the employee, in the case of an employee receiving a first- or second - degree invalidity pension, and up to 50% in the case of an employee who is in receipt of a third - degree invalidity pension or a juvenile employee who is in third - degree invalidity and does not receive a third - degree invalidity pension. This is a problematic adjustment, especially with regard to equal pay and non-discrimination.

The Labor Code does not pay special attention to the special protection of persons with disabilities in labor relations, but in the provision of § 237 there is a reference to a special legal regulation - the Employment Act.

Specific concerns of high school graduates with disabilities when entering the labor market

The entry of graduates with disabilities into the labor market is usually more difficult than for the general population. In connection with this, these graduates express not only common but also specific concerns about entering the labor market.

Concerns that are generally related to the transition to the labor market and that may be more pronounced for graduates with disabilities:

- Fears of unemployment (71.5% of high school graduates with disabilities)
- Concerns about lack of experience (47%)
- Insufficient readiness from school (31.4%)
- Concerns about managing job requirements (39%)
- Low self-esteem (30%)
- Fear of foreign environment (33%)

Specific disability concerns:

- Concerns about prejudices of employers and colleagues (33%)
- Concerns about disability-related problems, eg need for aids, barrier-free environment (18.5%).

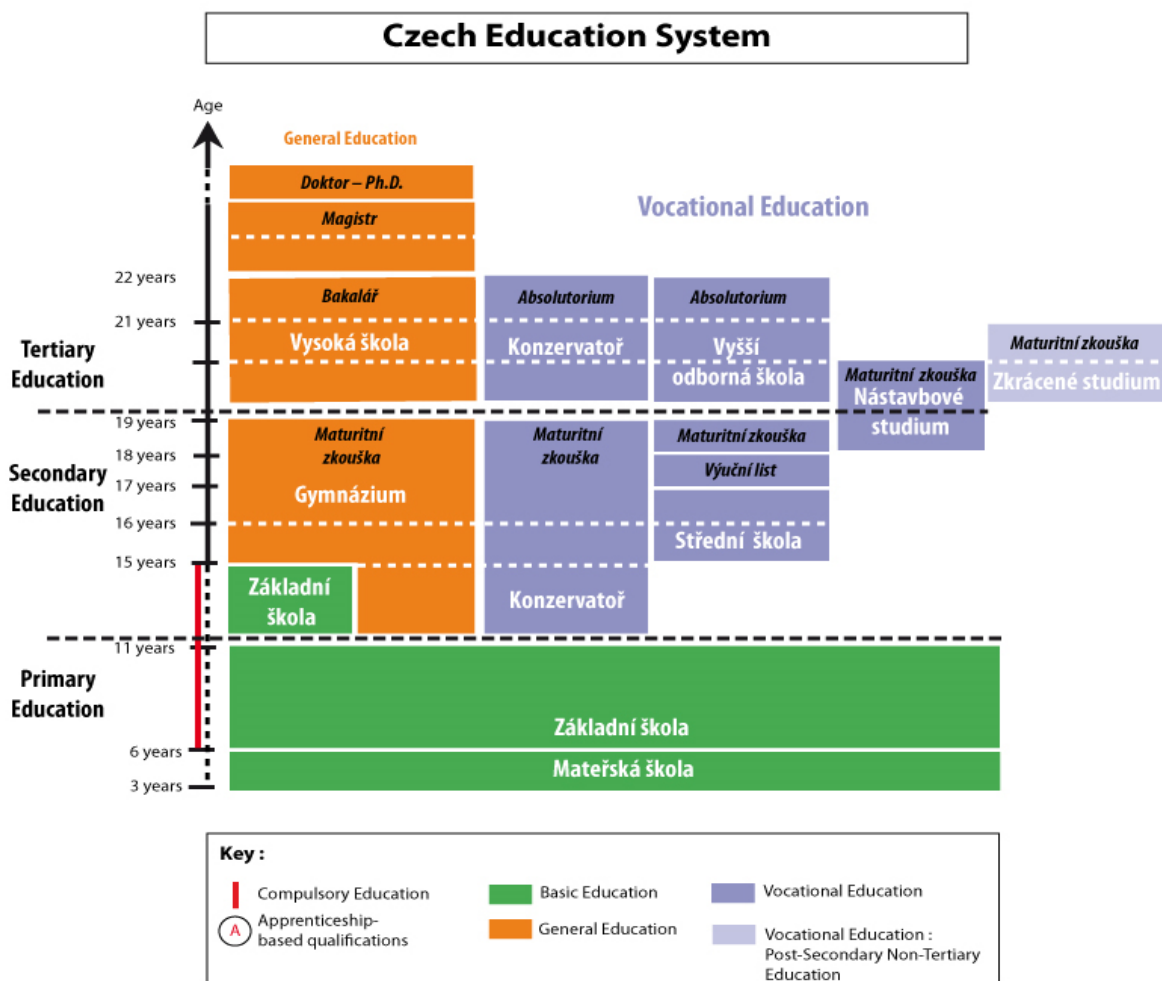
Youth unemployment during the period 2004-2018 in thousands

EMPLOYMENT IN NH		2004	2005	2006	2007	2008	2009	2010	2011*	2011	2012	2013	2014	2015	2016	2017	2018
Total		4706,6	4764,0	4828,1	4922,0	5002,5	4934,3	4885,2	4904,0	4872,4	4890,1	4937,1	4974,3	5041,9	5138,6	5221,6	5293,8
Age group:	15 to 19 let	33,3	32,6	33,7	33,7	35,7	32,3	25,0	21,9	21,7	18,6	16,7	21,6	20,8	20,9	22,9	22,5
	20 to 24 let	362,4	338,4	339,0	348,2	341,3	321,2	301,9	286,9	280,9	281,4	276,8	278,0	282,1	274,0	268,3	254,4
	25 to 29 let	648,4	639,2	625,9	614,5	603,7	567,3	545,9	547,4	533,2	518,5	528,8	525,5	521,6	524,3	532,2	531,2
Selected ISCED codes																	
Basic education and no education		296,9	271,8	283,7	293,7	289,8	261,5	238,5	221,7	220,2	209,4	207,3	205,0	200,4	210,4	224,2	227,3
Secondary without GCSE		2039,4	2026,8	2024,8	2018,1	2011,7	1949,9	1884,1	1869,1	1860,5	1809,9	1790,1	1758,2	1775,6	1802,7	1768,2	1775,1
Secondary with GCSE		1709,7	1770,6	1800,2	1871,8	1911,2	1877,4	1861,7	1841,0	1827,1	1846,2	1836,8	1875,7	1891,0	1895,9	1945,2	1972,4
University		659,7	694,6	719,1	737,7	789,4	845,2	899,8	971,5	963,9	1023,9	1102,2	1134,8	1174,4	1229,4	1283,0	1317,3
Men		2663,1	2705,5	2741,9	2806,1	2863,2	2823,7	2798,3	2794,4	2777,3	2778,6	2794,0	2817,0	2837,3	2876,7	2915,8	2946,5
Age group:	15 to 19 let	19,4	18,7	20,5	21,6	21,6	19,4	15,8	14,0	13,9	11,4	10,7	13,4	11,9	11,5	13,4	12,9
	20 to 24 let	204,4	198,1	196,3	204,1	201,9	193,7	181,4	173,6	169,6	166,5	165,1	169,5	169,1	166,8	159,6	148,3
	25 to 29 let	399,2	391,7	377,4	369,6	360,0	339,3	327,1	328,5	318,6	308,8	308,0	308,6	305,3	308,0	309,5	311,2

	29 let																
Selected ISCED codes																	
Basic education and no education		115, 8	107, 1	116, 2	124, 8	121, 6	111, 7	101, 1	92,6	91,8	91,2	97,8	97,5	96,8	103, 0	111, 2	115, 1
Secondary without GCSE		1 360, 8	1 350, 6	1 339, 6	1 343, 2	1 355, 0	1 310, 8	1 266, 9	1 245,5	1 240, 7	1 206, 6	1 190, 5	1 163, 9	1 164, 9	1 168, 8	1 154, 1	1 158, 8
Secondary with GCSE		791, 0	835, 2	865, 5	909, 3	935, 0	923, 5	920, 6	911,2	903, 9	925, 6	913, 3	953, 6	963, 1	954, 9	983, 1	994, 6
University		394, 8	412, 4	420, 4	428, 5	451, 4	477, 5	509, 2	544,6	540, 4	554, 8	592, 1	601, 6	612, 2	649, 9	666, 6	676, 8
Women		2 043, 5	2 058, 5	2 086, 1	2 115, 9	2 139, 3	2 110, 5	2 086, 9	2 109,6	2 095, 1	2 111, 5	2 143, 0	2 157, 3	2 204, 6	2 261, 9	2 305, 8	2 347, 3
Age group:	15 to 19 let	13,9	14,0	13,2	12,2	14,1	12,9	9,2	7,9	7,8	7,3	6,0	8,2	8,9	9,4	9,5	9,6
	20 to 24 let	158, 0	140, 3	142, 7	144, 0	139, 4	127, 5	120, 5	113,4	111, 3	114, 9	111, 7	108, 5	113, 0	107, 3	108, 7	106, 2
	25 to 29 let	249, 2	247, 5	248, 6	244, 9	243, 6	228, 0	218, 8	219,0	214, 7	209, 7	220, 7	216, 9	216, 3	216, 3	222, 7	220, 1
	15 to 19 let	250, 2	269, 7	274, 9	279, 4	278, 4	270, 0	258, 1	254,9	251, 7	235, 4	231, 0	222, 7	220, 9	230, 4	230, 5	222, 6
Selected ISCED codes																	
Basic education and no education		181, 1	164, 7	167, 6	168, 9	168, 2	149, 8	137, 4	129,1	128, 4	118, 3	109, 5	107, 5	103, 7	107, 5	113, 0	112, 1
Secondary without GCSE		678, 5	676, 2	685, 2	675, 0	656, 8	639, 2	617, 3	623,6	619, 8	603, 2	599, 6	594, 3	610, 7	633, 8	614, 1	616, 3
Secondary with GCSE		918, 6	935, 4	934, 6	962, 5	976, 2	953, 9	941, 1	929,8	923, 2	920, 6	923, 5	922, 1	927, 9	941, 0	962, 1	977, 8
University		264, 9	282, 2	298, 7	309, 3	338, 0	367, 7	390, 6	426,9	423, 4	469, 1	510, 1	533, 2	562, 1	579, 6	616, 4	640, 4

2.2 Possible challenges: educational attainment - labor market needs

The system of education in the Czech Republic



Graduates in the Czech Republic

Graduates and young people are one of the groups most at risk in the labor market. They do not have the work experience that they could offer to employers, and they also lack important contacts. In addition, from the employer's point of view, they mean uncertainty - from the graduate's short professional history it is more difficult to assess whether they are suitable for the position and whether they will not want to change jobs quickly.

The situation of young people is still not rosy in the Czech Republic. Despite the fact that the youth unemployment rate in the Czech Republic is still below the EU average, it significantly exceeds the overall unemployment rate in the country. Getting a job can be a difficult task for a young graduate.

According to the Czech Statistical Office (CSO), the probability of unemployment of people aged 15-34 in the period 3-12 months after graduation has increased since 2008, when it was the lowest (19.1%). In 2010, it climbed to 30.8%.

According to CZSO staff, university graduates have the least problems entering the labor market, with the probability of unemployment being around 15%. For people with secondary education without a GCSE, the values are around 30%, and for people with basic education the probability of unemployment rises to the limit of 80%.

The National Institute for Education points out that even with the high number of trained unemployed graduates, employers' representatives permanently proclaim their numbers as not sufficient.

According to the National Institute for Education, even in times of economic downturn, employers from the industrial sector showed the greatest interest in graduates, so graduates of engineering and some electrical engineering fields performed quite well. In 2014, the health care sector also showed one of the lowest values of the unemployment rate.

The employment of graduates in the fields of gastronomy, hospitality and tourism or business fields is evaluated as rather problematic. Agriculture and forestry are also among the groups of fields that have shown a long-term higher unemployment rate for graduates, both at the level of apprenticeship and secondary school graduation.

There are also differences between regions. According to the Czech Statistical Office, the worst situation is in the Ústí nad Labem and Karlovy Vary regions, where on average every third graduate has a problem finding a job. On the contrary, in the capital city of Prague, it is every twentieth.

Lack of good-quality graduates

The year 2014 brought a slight recovery to the Czech economy and a decline in unemployment. Many foreign investors went to the Czech Republic, companies opened new branches and offered new jobs.

The Czech industry has long pointed out that it has a problem finding a qualified employee, especially in technical fields. Employers in the Czech Republic have long agreed on the need to revive Czech apprenticeships, support technical fields and, last but not least, adapt them to better meet the demands of the labor market.

According to companies, Czech schools are not sufficiently focused on practice, because vocational and practical training of pupils often takes place only in schools and not in the workplaces of companies. The equipment of workshops and training centers is often very outdated, students do not have the opportunity to come into contact with the real production plant and get acquainted with the social environment in companies. Too little emphasis has been placed on the quality training of pupils in mathematics, physics and science since primary school. The communication skills and language skills of the graduates are also insufficient. A big problem is also the inappropriate structure of fields, which does not meet the needs of the labor market and the requirements of companies. Schools thus open fields whose graduates are not in demand on the labor market.

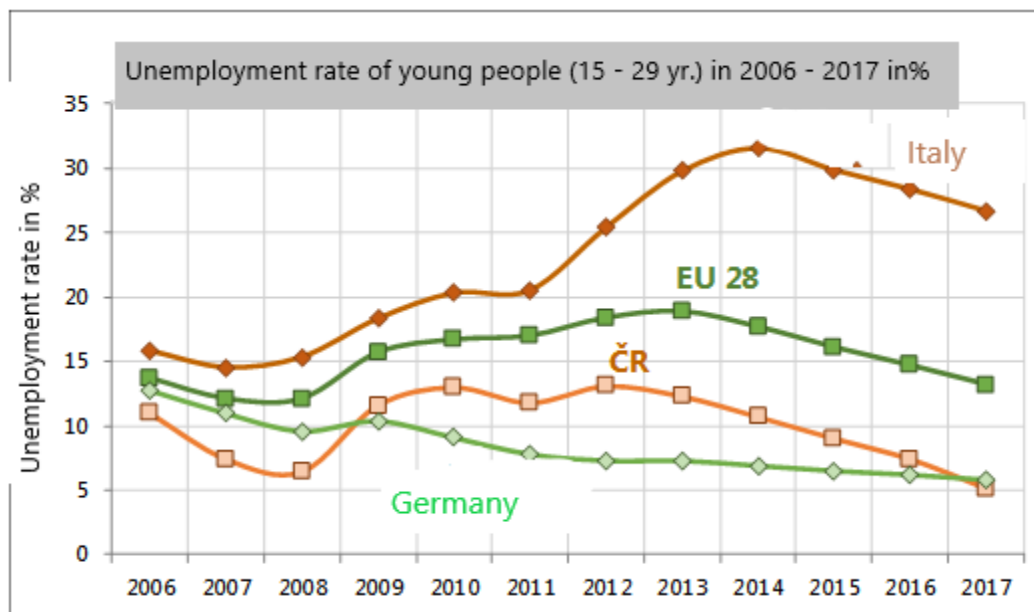
Another reason for the lack of qualified technical staff in the Czech Republic is that the social prestige of technical fields has been relatively low for a long time. The older generation of workers is aging and the new one is not eager for entering the technical

fields. If there is a more significant economic recovery, many companies may face existential problems.

Although only a very small part of Czech companies explicitly refuse to employ graduates, the vast majority of them (approximately 70%) admit that they do not prefer graduates in any way. This follows from a publication of the National Institute for Education issued in 2014. The reason is, in addition to the lack of experience, also the often unrealistic ideas of graduates about the amount of income, working hours and job title.

According to the publication, employers prefer graduates who have already gained work experience during their studies, ideally in their company, or at least in the same field. However, any work experience during the study is important. The graduate can compensate for the lack of previous practice with a demonstrable interest in his / her field, desire to work and in further education in the field. It is also important to demonstrate soft skills such as communication, flexibility or teamwork at the interview. In humanities as well as technical fields, the importance of language skills is increasing.

Companies often accept a graduate if they contact them themselves with an interest in a job position. Personal contacts or recommendations of an employee also help. It follows that one's own job search activity and networking are factors that definitely can help young people to find a job.



Inconsistency of the fields of education and employment in the Czech Republic and the EU

The situation of young people in the labor market is generally very closely linked to the overall economic development. Finding a job in the field they studied allows graduates to apply a large part of the knowledge and skills absorbed in school and more easily start a professional career.

In January 2018, approximately 231,000 vacancies were available on the Czech labor market. However, there were also 289 thousand job seekers in the records of the Labor Office. There was a shortage of suitable candidates for vacancies. (This problem is exacerbated if we take into account the regional perspective - the shortage of skilled workers for vacancies in a particular region may be even more pronounced than it appears in the Czech Republic as a whole.)

The mismatch of the field of education with the requirements of the job is technically called horizontal skills mismatch, and Eurostat calculates it according to the following formula, in summary for each Member State.

Horizontal mismatch between the fields of education and the profession	$= 1 -$	$\frac{\text{Number of employees in the field corresponding to education}}{\text{Total number of employees with this education}}$
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The lower the resulting value, the smaller the mismatch. On the contrary, a high value means that the share of people working in a field other than their education is high.

The key data used for this analysis are available at:

<http://ec.europa.eu/eurostat/web/skills/background/experimental-statistics>.

Young employees of two groups are monitored: a) with completed secondary or tertiary education aged 15–34, b) with completed tertiary education (university, higher education) aged 25–34.

Horizontal skills mismatch for persons under 35 years of age with secondary or tertiary education

To assess the share of those working in a field other than graduation, eight clusters of fields of education were identified (to which professions and jobs with corresponding requirements were assigned): Pedagogy and teacher training, Humanities, Languages and Arts, Social sciences, Journalism, Economics and Law, Natural sciences, Mathematics, Statistics, Environment and Wildlife, Engineering, Manufacturing and Processing, Civil Engineering, Environmental Protection (incl. Technology and Regulation), Agriculture, Forestry, Fisheries and Veterinary Medicine, Health and Social Services, and Service Trades. ñ

3. Support mechanisms to reduce unemployment

3.1 Internal mechanisms

Tackling youth unemployment is a task for national and regional governments in particular. However, the European Union supports them in the fight against unemployment and, where necessary, complements their efforts.

For this reason, the Czech Republic has not set up extensive systemic, but only partial mechanisms focused on increased employment of young people. The absolute basis in the Czech Republic are mainly the European mechanisms aimed at supporting youth employment, eg Youth on the Move, Youth Guarantee, Erasmus + - semester exchanges, which are the main initiatives of the Europe 2020 strategy in the field of employment of young people.

As the number of programs tackling youth unemployment grows, as does the volume of public funding earmarked for this area, many EU Member States have included an audit of this issue in their work programs.

How can the knowledge, skills and abilities of school leavers be made more in line with the requirements of the labor market? The trend of recent years is the effort to better connect secondary universities with companies - the so-called dual education. According to a survey by the National Institute for Education, almost 80% of Czech companies think that universities should involve more experts from companies in their teaching. "Graduates should become more familiar with practice and not learn outdated theories," employers agree in most cases.

A pilot project of this system was launched by the Ministry of Education together with employers' associations in 2013. The **POSPOLU** project aims to closely link theoretical teaching and practical vocational training in a specific corporate environment. It includes various forms of cooperation between specific schools and companies and will be evaluated this May.

In connection with this project, tax relief was also approved in the Czech Republic for employers who provide students with internships, but also for schools, which will be then able to purchase technical equipment more easily.

With the intention of getting young people to take their lives into their own hands, there is also a project behind the former chairwoman of the Regional Chamber of Commerce of the Zlín Region, now MEP Martina Dlabajová (ANO/ALDE). An initiative called **PročByNe?** (=WhyNot?) (Interconnecting Czech Business Against Unemployment), offers young people up to 25 years of age short-term experience in companies from various fields. Students, workers and the unemployed can thus gain work experience in prestigious companies in technical and other fields.

The ASSOCIATION OF SMALL AND MEDIUM-SIZED ENTERPRISES AND TRADESMEN has in 2013 launched the **Svou Cestou** (=My Way) project as a platform for start-up entrepreneurs. This initiative is based on 5 pillars:

- presentation of examples,
- establishing companies,
- evaluation of intentions,
- attracting investors
- foreign cooperation.

The project is prepared by its partners - Komerční banka and the media partner TRADE NEWS. Since 2018, there has also been a connection with practical workshops

Podnikni To! (=Do It!), which help participants to start their own real intentions. Today, these workshops take place at 9 Czech universities, several other educational institutions and have hundreds of graduates. Together we hold regular meetings called MEET UP in Prague and Brno, introducing interesting guests, project presentations and networking.

Subsidy from the Ministry of Industry and Trade / Technology for start-ups

The primary goal of the **Technology** program is to support small start-ups. With the help of the subsidy, entrepreneurs can purchase the necessary technological equipment, especially non-production, but also production machines and software. CZK 0.45 - 1 million can be obtained for the purchase of machines, technological equipment, facilities and software. The percentage of the grant is set at 45% of eligible costs.

Areas of subsidy:

- Manufacturing industry
- IT and telecommunications
- Civil engineering
- Trade and Services
- Mining and quarrying
- Water management

Subsidies for the reconstruction of obsolete buildings and premises (brownfields)

The call is intended for small and medium-sized enterprises, in the territory of 57 designated municipalities. The aim is **to modernize obsolete, spatially and technically unsuitable buildings, structures and areas that will be used for the development of business activities and services in tourism**. The rate of subsidy is a maximum of 45% of the total eligible expenditures and can range from one million to one hundred million crowns.

INOSTART program - loans for start-ups

This program of **the Ministry of Industry and Trade in cooperation with Česká spořitelna** is intended to support innovative projects of small and medium-sized start-ups. The aim is **to facilitate access to finance for start-up companies** and thus enable the implementation of an **innovative business plan**. It is not a subsidy as such, but the program offers **preferential guarantees for loans to start-up entrepreneurs** (up to 3 years) in the Czech Republic. Bank guarantees for loans under the INOSTART Program provide **up to 70% of the loan principal**. Loans from the INOSTART Program in the amount of **CZK 500 thousand - 15 million** can be used to finance the purchase of tangible, intangible, investment and non-investment assets, and now also to cover operating costs.

National support

The allowance for the establishment of a socially useful job for job seekers for the purpose of self-employment, simply called **the business allowance**, is a one-time financial assistance intended for job seekers who are registered with the Labor Office and have decided to start a business.

This is a financial assistance of about EUR 6,500 in the form of:

- repayable contribution,
- interest allowance on loans, or
- another earmarked contribution.

Regional support

Regional governments help start-up entrepreneurs and provide them with contributions for the implementation of their projects. For example, the South Moravian Region will provide 2 million crowns from the budget for 2019, while the Ústí nad Labem Region will allocate a total of 8 million crowns. The Vysočina Region, in turn, offers support for business entities that have a history of at least two years. A separate grant for graduates or start-ups is not announced. The Olomouc Region provided an amount of CZK 675,000 within the Subsidy Program for Business Support 2018. The aim of the program was to promote start-ups, small and medium-sized enterprises and to develop the business activity in the Olomouc Region.

The Liberec Region supports the Lipo.ink business incubator, which was established in November 2017. The incubator provides support to both start-up and future entrepreneurs and offers advice for already established companies. The Moravian-Silesian Region provided CZK 8,000,000 for subsidy titles within the subsidy program Business Support in the Moravian-Silesian Region 2018, of which CZK 3,500,000 for the StartUp voucher subsidy title, which is used for beginning entrepreneurs. The Karlovy Vary Region grants companies and entrepreneurs contributions from the regional subsidy program of innovation vouchers for modernization and innovation in companies in cooperation with research institutions.

Support for young farmers and agriculturists

Program: Start-up of young farmers

A young farmer, ie a person who has reached the age of 18 on the day of submitting the Application for the subsidy and is not older than 40 on the same day. The aim of the operation is to support the start of active entrepreneurship of young farmers (in animal and plant production) on agricultural holdings by supporting the implementation of their business plan. The program provides investments in animal and plant production leading to stimulating the start-up of active entrepreneurship of young farmers on agricultural holdings by supporting investments necessary for the implementation of the business plan.

CzechInvest Agency - CzechStarter project

Young innovative start-ups in the project can gain know-how and feedback from experienced mentors and entrepreneurs. Thanks to the CzechInvest agency's seven-month CzechStarter project, Czech start-ups can draw up to 100 hours of mentoring worth CZK 200,000 and, for a fraction of the commercial price, also advice in the areas of finance, law, intellectual property protection or marketing. The project also includes support for your participation in networking events in the Czech Republic.

3.2 External mechanisms

Youth unemployment in the EU has been so alarming in recent years that Member States and EU institutions have realized the need to be fully involved in tackling the problem. They have therefore decided to increase resources in the European Social Fund (ESF) and other programs and thus support the employment of young people.

In 2011, the European Commission adopted the "**Youth Opportunities**" Initiative, which called for a stronger partnership between the Commission and Member State governments, especially in countries suffering from extremely high youth unemployment. These countries had an additional € 10 billion at their disposal to cover the costs of subsidizing jobs, providing vocational training and preventing early school leaving. A year later, the EU Council made specific recommendations to most member states on how to reduce youth unemployment. As part of the so-called "European Semester" (annual cycle of economic and fiscal policy coordination), the European Commission also wants to evaluate the national reform programs of EU countries in 2012.

In the same year, the European Commission adopted another package of measures against youth unemployment, which mobilized more than € 80 billion from the ESF.

One of the two main programs of this package is the **Youth Guarantee** scheme. This is to ensure that all people under the age of 25 can obtain a specific job offer within four months of leaving school or losing their job. It should be either an offer of a job, professional practice or internship, or the possibility of further education. The inspiration for this initiative came in particular from Finland, where about 80% of job seekers successfully used this system after its launch. The initiative consists of sub-projects tailor-made by the Member States. These are funded by the ESF and contributions from each Member State.

In the Czech Republic, this program was launched at the beginning of 2014 and, in addition to European money (within the OP Human Resources and Employment and the OP Education for Competitiveness), it is also financed from the state budget. After the approval of the OP Employment 2014-2020 by the European Commission, the measures will be financed from this operational program, or the OP Research, Science and Education respectively.

Another important program is the **Youth Employment Initiative**, which is aimed mainly at young people without a job, study or retraining program (so-called NEETs), in the worst affected regions with an unemployment rate of over 25%. An allocation of

approximately EUR 13.6 million, ie 0.45% of the total amount of EUR 3 billion, was set aside for the Czech Republic. The European Commission decided in early February to increase the pre-financing of this program by 1 billion euros compared to the original plan, because it believes that it will support up to 650,000 young people without work. Accelerated implementation of guarantees for young people is also one of the key priorities of the European Commission led by Jean-Claude Juncker (**EurActiv 5.2.2015**).

The Czech Republic may use the funds only in the Ústí nad Labem and Karlovy Vary regions (NUTS II North-West region).

The Youth Initiative includes retraining programs, tax relief for companies employing young people and also career guidance in schools in cooperation with the information centers of the Labor Office, which should inform students and young graduates about all the programs and projects offered in specific regions and localities, as well as about European initiatives such as EURES, Erasmus +, Socrates, and volunteering. In the Czech Republic, the implementation of these programs is entrusted to both the Ministry of Labor and the Ministry of Education, which should complement each other. Both ministries will coordinate their events with other actors, such as regional authorities, schools, educational institutions, and non-profit organizations.

An important part of the Youth Initiative is also the program called **Internships for Young People** (age 18-25) and **Internships in companies** for people under 30. Here, pupils, students and graduates can find an internship according to their field for several months. However, the offer of internships is limited especially in the required fields, such as law, state administration, art or education.

Youth unemployment has also become a topic for private companies, which are expanding their business with a social responsibility dimension. Many entrepreneurs are aware that high youth unemployment also represents an untapped potential for the development of their companies. Private companies have therefore initiated several projects to "activate" young people.

An example is Nestlé's Pan-European **Alliance for Youth**, which includes 200 companies across Europe. It also offers internships in the Czech Republic and Slovakia. Among the programs that responded to the high unemployment of young people and helped develop their skills was the already completed **Think Big** program of the Telefónica Foundation.

European Skills Week - an initiative of the European Commission launched for the first time in 2016. Its aim is to increase the quality and attractiveness of vocational education and training. It includes events in participating countries across Europe that take place at local, regional, national or European level. This initiative is an excellent way to raise awareness of work in the field of VET (Vocational Educational Training) and to promote a particular event to the general public as well as the professional public.

European Entrepreneurship Exchange Program - Erasmus for Young Entrepreneurs is a cross-border exchange program that gives new or promising entrepreneurs the opportunity to learn from experienced entrepreneurs from other

participating countries. The exchange of experience takes place during a stay with an experienced entrepreneur, who helps the new entrepreneur to acquire the skills needed to run a small business.

4. Recommendations

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