

MUTUAL LEARNING PROGRAMME:
PEER COUNTRY COMMENTS PAPER - CZECH REPUBLIC

**What Specific Employment Policy Measures
Do Czech Lone Parents Need?**

Peer Review on Pathways to Work for Lone Parents
Northern Ireland, 10-11 May 2010

A paper submitted by Vera Kucharova
in consortium with GHK Consulting Ltd and CERGE-EI

Date: 19/04/2010



This publication is supported for under the European Community Programme for Employment and Social Solidarity (2007-2013). This programme is managed by the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA-EEA and EU candidate and pre-candidate countries.

PROGRESS mission is to strengthen the EU contribution in support of Member States' commitments and efforts to create more and better jobs and to build a more cohesive society. To that effect, PROGRESS will be instrumental in:

- *providing analysis and policy advice on PROGRESS policy areas;*
- *monitoring and reporting on the implementation of EU legislation and policies in PROGRESS policy areas;*
- *promoting policy transfer, learning and support among Member States on EU objectives and priorities; and*
- *relaying the views of the stakeholders and society at large*

For more information see:

<http://ec.europa.eu/social/main.jsp?catId=327&langId=en>

<i>The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.</i>
--

CONTENTS

1	LABOUR MARKET SITUATION IN THE PEER COUNTRY.....	4
2	ASSESSMENT OF THE POLICY MEASURE	5
3	ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY	7
4	QUESTIONS	9
	ANNEX 1: SUMMARY TABLE	10

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.

In the Czech Republic the living conditions of lone parents, as concerns incomes and standard of living, are generally worse than those for two-parent families. However, one-parent families are a diverse group. Their position and opportunities in the labour market differ according to their education, living arrangements, and locality for example. . For this reason a differentiated approach with varied policy measures is required.

The level of employment in the Czech Republic is hovering around the average of EU Member States. Although there is a tradition of high levels of employment of women, those who are mothers of small children are often economically inactive. Therefore, at the end of 2009 the participation rate of persons in the 15–64 age group was 68.4%, but the female rate was only 48.7%¹. The participation rate of women aged 25-35 (when most of them have a child in the infant to pre-school age) fluctuates between 44% and 66%, while that of women aged 45-49 is 92.5% (data for 2008²). The economic activity of mothers aged 20-44 with children up to 4 years of age declined between 1993 and 2007, from 48% to 28%, while for mothers of the same age without a child aged 0-4, the decline was from 88% to 84%. At the same time the unemployment rate of these mothers grew. This suggests that their interest in employment was not sufficiently satisfied.

At the end of 2009 the employment rate was 75.4% for men and 57.6% for women³. The employment rate of lone mothers is slightly higher than that for partnered mothers (cf. table 1), reflecting their greater responsibility for the family income. Also, the unemployment rate of lone mothers is higher than that for partnered mothers, illustrating their worse position in the labour market.

The current global crisis is having a negative effect upon unemployment. In March 2010 the overall unemployment rate in the Czech Republic reached 9.7%⁴. In 2008, 64% of women and 52% of men had been without work for longer than one year. It was highest in the north-east region of Bohemia and in Northern Moravia, where the share of one-parent families among all households is also relatively high.

There are several reasons why mothers of small children are relatively unsuccessful in their search for a job; the limited accessibility of the child-care system; employers' lack of interest in a labour force provided by those women; or employers' unwillingness to create working conditions which take account of employees' family duties (such as day-care facilities at the firm). One of the most important barriers to gain employment is insufficient education. Although lone mothers tend to be less educated than other women, it does not influence significantly their chances in the labour market.

Access to employment for women is influenced, among others, by an insufficient availability of part-time jobs and irregular working regimes. In 2008⁵, 3.5% of workers in the Czech Republic were part-time (5.8% among women). In 2007, 24% of employed mothers with

¹ Labour Force Survey 2009, Czech Statistical Office (CZSO).
[http://www.czso.cz/csu/2009edicniplan.nsf/eng/E000467155/\\$File/310110q472.xls](http://www.czso.cz/csu/2009edicniplan.nsf/eng/E000467155/$File/310110q472.xls)

² *Focused on women and men*. Prague, CZSO, 2009.

³ Eurostat, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

⁴ Data of the Ministry of Labour and Social Affairs

⁵ According to "StatsOECD" <http://stats.oecd.org/Index.aspx?usercontext=sourceoecd>

children under four worked part-time, for mothers with older children this percentage was declining. In this respect, the Czech Republic differs from most EU countries. The percentage of mothers with small children working part time has slightly increased in recent years, whereas amongst other women it has slightly decreased.

2 ASSESSMENT OF THE POLICY MEASURE

Lone-parent families in the Czech Republic

According to the last Census (2001, CZSO data), lone-parent families lived in 13.5% of all households, 8% had dependent children, and children were economically active in 5.5%⁶ of families. Eighty five percent of lone parents were women. Lone mothers are much more often unemployed but less often non-active compared to mothers living with a partner (see table 1). Lone fathers are only exceptionally unemployed or non-active. Therefore, amongst all lone parents, it is mainly the lone mothers who are most in need of assistance.

Table 1 Economical activity of women and men aged 25-49 in 2005 / 2008 by type of household

	Employed	Full time	Part-time	Unemployed	Non-active
Lone mothers:					
2005	74.6	93.1	6.9	11.5	13.9
2008	76.8	-	-	6.5	16.7
Married/cohabiting woman:					
2005	72.5	91.5	8.5	6.7	20.5
2008	72.5	-	-	3.9	23.6
Lone fathers:					
2005	95.5	98.2	1.8	2.7	1.8
2008	99.2	-	-	0.8	0.0
Married/cohabiting men:					
2005	93.9	99.3	0.7	3.6	2.5
2008	96.1	-	-	2.0	1.9

Source: Formation and break-up of households according to labour force surveys 2002-2005. Prague, CZSO, 2005; Focused on women and men. Prague, CZSO 2009

Lone parents in the system of social protection and the system of services for families

In recent years, reforms of the system of social protection were directed at the prevention of dependency on social benefits. Disparities in the standard of living of households increased. A relatively high share of the poor among single-parent households grew. However, in contrast to other vulnerable social groups, one-parent families are not a special subject of interest to the system of family support, but the calculation of family benefits is, taking their status into consideration. Lone parents, as well as women in general, are more often recipients of income tested family allowances or social benefits. On the other hand, tax credits are more beneficial for two-parent families.

The threat of poverty significantly increases with unemployment of a family member. In comparison to the average poverty rate of around 10%, the poverty rate in households with an unemployed parent reaches 49% (per Statistics on Living Conditions (SILC) 2008 data). One-parent households are endangered by income poverty more seriously (40%) than two-parent ones, even if they have three or more children (29%)⁷. They represent one fifth of all households endangered by income poverty⁸.

⁶ Dependent child is a child up to 26 if he/she is not economically active.

⁷ Hora, O., Kofroň, P., Sirovátka, T., *Income Poverty and Material Deprivation in the Czech Republic with stress on children's living conditions according to SILC research results*. RILSA, Prague, 2008. (in Czech)

⁸ Focused on women and men. Prague, CZSO 2009

Apart from a few exceptions, lone parents as a group are not a special focus within active labour-market policy arrangements. These parents are not amongst the most vulnerable groups in the labour market listed in the official documents. Lone mothers (less often fathers) may, under particular conditions, belong to some of the listed groups: people without qualification⁹; women in general (making up 50% of job seekers who have received assistance from labour offices); people caring for children up to the age of fifteen; and mothers/fathers after parental leave.

In the Czech Republic conditions for employment of mothers generally, and for employment of lone mothers in particular, are influenced to a great extent by two phenomena; the availability of day care facilities for children, namely for children under three years of age; and the accessibility of part time jobs or other irregular working regimes (as already mentioned above). However, the demand for jobs among mothers of small children is reduced by the preference of many of them to stay at home whilst their children are under three years of age.

Kindergartens for 3-6 year old children are, for the majority of families, both financially (in public sector) and spatially accessible. However, accessibility changed during the 1990s more rapidly for day-care facilities for children under the age of three (with decline from 1,043 in 1990, to 48 in 2008 if run by municipalities). Numbers of newly established private or church facilities are not known, due to the variation in their type and legal forms. Individual home care is still exceptional. Childcare for the youngest children in nurseries and other forms of care are also more financially demanding. Families with lower incomes, including one-parent families, may be exempt (by law) from all or part of the charges for day-care facilities.

In conclusion, the capacity to reconcile family and working life varies greatly, depending on the parents' social status and their region (given, in particular that the incidence of lone-parent households varies greatly between regions).

A comparison between the Czech Republic and Northern Ireland

- Czech statistics do not register employment and unemployment rates by type of family. It is therefore very difficult to assess the living conditions of one-parent families and even more difficult to gauge their demand for employment.
- The unemployment rate is higher in the Czech Republic than in Northern Ireland, but the underlying figures are changing. In 2009, comparing the Czech Republic and the UK, the unemployment rate of women was 7.7% and 6.4% respectively, while for men it was 5.9% and 8.6%¹⁰.
- Unemployment rates of women have remained higher than male unemployment rates, by approximately 30-50%.
- Labour offices, as state-established institutions, follow mainly national regulations (indirect focus on one-parent families mentioned above) and their own programmes are rather complementary; however their frequency has been increasing owing to ESF programmes.
- There is no special family or social benefit for lone parents in the Czech Republic; they can receive benefits as part of the income tested benefits due to their lower incomes.
- Family and social benefits in the Czech Republic have a relatively significant role in lowering the threat of poverty, although this applies least of all for one-parent families

⁹ These are people with only primary education. Programs of active employment policy tailored for this group are the most effective (Kulhavý, V., Sirovátka, T., Effects of Employment Programmes in 2007. *Forum sociální politiky* 2008, Vol. 2, No. 6, p. 15-20 (in Czech)

¹⁰ Eurostat: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

(by 30 %)¹¹. At the same time, the system seems to be somewhat more focused on work as an incentive, in comparison with Northern Ireland¹². However, the entitlement to social benefits is closely connected with the minimum wage (which may create a benefit trap for less qualified parents).

- One-parent families represent 20% of beneficiaries of the so-called Contribution for Living (the most frequent social benefit for low income households)¹³.

Basic difference between Czech Republic and Northern Ireland: there is not a direct policy measure supporting lone parents in the labour market. This target group is, however, represented significantly in target groups defined in other ways.

3 ASSESSMENT OF THE SUCCESS FACTORS AND TRANSFERABILITY

The possibility of transferring the success factors is generally limited by the different characteristics of lone-parent families in the Czech Republic and by the differently structured (defined) target groups within active labour-market policy in the Czech Republic. As lone-parent families and other family patterns have some common problems, in the Czech Republic the former do not become a subject of special arrangements. However, there are similarities between some Czech measures of active employment policy and Northern Irish ones; such similarity does allow for some transferability. There are also some more or less common features of lone parents' living conditions and their position in the labour market in the Czech Republic and in Northern Ireland. Four aspects are worth mentioning:

- Similar rate of child poverty, but it is growing in the Czech Republic, while it is declining in United Kingdom¹⁴.
- Connecting (long-term) unemployment with child poverty in conditions of low efficiency of social transfers at reduction of child poverty, especially in lone-parent families (child poverty is, however, higher in the Czech Republic, and is also affected more strongly by unemployment).
- Restricted availability of flexible working positions, in the Czech Republic; meaning in addition some disadvantages from the point of income evaluation, work perspectives, working conditions, and others.
- Restricted financial and/or spatial availability of day care for the youngest children.

The main factors which restrict the transferability of the Northern Irish measures are:

- The greater emphasis on work as an incentive in the support, for lone-parent families, provided by social and family policy in the Czech Republic, especially following the policy reforms of recent years.
- The (probably) lower rate of hard-to-place individuals in the labour market among lone parents in the Czech Republic, and their (lower) proportion comparable to other social groups; there is a lower threat of any benefit trap in the Czech Republic.

¹¹ Hora, O., Kofroň, P., Sirovátka, T., *Income Poverty and Material Deprivation in the Czech Republic with stress on children's living conditions according to SILC research results*. RILSA, Prague, 2008. (in Czech)

¹² *Society at a Glance 2009: OECD Social Indicators* – OECD, 2009

¹³ Jahoda, R., Kofroň, P., Šimíková, I., *Changes in the system of the benefits of assistance in material need and their impacts (recipients and benefits, the application of new institutions)*. RILSA, Prague, 2008. (in Czech)

¹⁴ *Society at a Glance 2009: OECD Social Indicators* – OECD, 2009.

- The difficulties of lone parents, especially women, in the labour market do not dramatically differ from the difficulties experienced by partnered women. As a result, it is not considered necessary to have special measures for lone parents.
- There is no regular and reliable statistical evidence about lone parents among the unemployed and their living conditions are not monitored; the needs of lone parents are not well known.

Transferability may be possible by developing existing measures within the Czech Republic's active labour market policy, so that they take on features of the Northern Irish examples:

- In the Czech Republic there is still great emphasis on re-qualification within active labour-market policy; among other reasons because of the discrepancy between an occupational-qualification structure on the demand and on the supply side of the labour market.
- In the Czech Republic there is little experience of combining training and work experience. A measure "Publicly Beneficial Work" (work opportunities that should mainly activate job seekers) resembles a work preparation programme for selected target groups (people hard-to-place on the labour market)¹⁵.
- There is 'a training contribution' in the Czech Republic that is directed at employers. An employer can receive, for up to three months, a subsidy of up to half the minimum wage, for employing a 'high priority' job-seeker, as defined by the labour office. The use of this measure is relatively rare, however.
- The Employment Act defines a range of 'priority' job-seekers, and this may include some people who are (also) lone parents. The definition includes: pregnant women; nursing mothers and mothers up to the ninth month after delivery; persons caring for a child up to the age of 15; persons continuously registered as a job-seeker for longer than five months; persons requiring special assistance (such persons are among others, those that temporarily find themselves in exceptional conditions or that are living in them, and persons from socio-cultural less-favoured background).

In relation to the Northern Irish success factors, there are several pertinent observations from the perspective of the Czech Republic:

- Dedicated advisers: their described merits would be applicable and useful also in the Czech Republic's work with long-term unemployed people. There is a similar arrangement at present, the so-called 'individual action plan' which has recently been used more often; however, better financing and personal provision is needed.
- Tailored solutions: partly included in individual action plans in the Czech Republic, although they would need to be further developed.
- Return to Work Credit: considering the characteristics of lone parents and their families, financial support for them - as an incentive to work - is not regarded as necessary.
- Better-off calculation: the benefit trap problem concerns only a small group of the least qualified lone parents.

¹⁵ Analysis of development in employment and unemployment in the first half-year in 2009, MoLSA CR 2009, p. 53 (in Czech)

4 QUESTIONS

To fully understand and evaluate the policy measures submitted by the host country, the following issues could be addressed:

- How are the beneficiaries of the policy measures selected; what are the main characteristics of lone parents that are the target group (in terms of education, training, health condition or family background, etc.); are there any selection criteria applied?
- For how long is 'work with a client' planned and how long does it take in practice. For example, until he/she gets a job or until it is decided, out of necessity to take a different approach (e.g. if the measure is found to be ineffective for the particular client)?
- What is the usual, or average, period of holding a job by 'successful' clients, i.e. those that have entered a job as a result of the measure; what is the cause of a single parent not maintaining this job; is there a minimum duration of employment required if RTWC (or other financial incentives) is provided?
- To what extent is the programme able to provide jobs that fit with lone parents' skills, aspirations and family commitments?

Further questions:

- Is it possible to generalise the experience of the programme in relation to similar programmes or to other social groups, facing difficulties in the labour market?
- What are the main differences in labour market position and chances of getting a job between one-parent and two-parent families in Northern Ireland? What is the extent of influence of individual circumstances (e.g. family background) and external factors (e.g. day care services for children)?
- What are the main advantages and disadvantages of part-time jobs in Northern Ireland?

ANNEX 1: SUMMARY TABLE

Labour market situation in the Peer Country
- Lone-parent families live in approximately 13.5% of all households (2001). - In 2009 the employment rate was 57.6% for all women in the Czech Republic. The employment rate of lone mothers is slightly higher than that of partnered mothers. - Unemployment increased from 5.4% in the 4th quarter of 2008 (when it was the lowest since 1996) to 9.7% in March 2010; for women the increase was from 5.8% to 10.4%. - One-parent households are endangered by income poverty more seriously (40%) than two-parent ones (10-30%, depending upon the number of children).
Assessment of the policy measure
- Among individual measures of the PWPL program a combination of training and work experience and individual approach to clients of Labour Offices correspond most with the situation and necessities of the Czech labour market. - The main difference between the two countries' experience is higher employment rate of lone parents and the less pronounced problem of the benefit trap in the Czech Republic; this leads to different needs for assistance.
Assessment of success factors and transferability
- There is no direct policy measure supporting lone parents in the labour market in the Czech Republic. This target group is, however, represented significantly in target groups defined in other ways in employment policy measures. - Financial incentives for entry into the labour market by lone parents are not so desirable in the Czech Republic and may have undesirable side effects. - The introduction of specialist lone parent advisers is not expected, but closer cooperation between labour officers and clients could be very effective; similar assistance is being discussed in the Czech Republic at present.
Questions
- How are the beneficiaries of the Northern Ireland policy measures selected? - For how long is 'work with a client' planned and how long does it take in practice? - What is the usual or average period of holding a job by 'successful' clients? - Is it possible to generalise the experience with the programme?