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Editorial

Selected reviewed articles

Approaches to Transformation and Social Reform in the Czech Republic
Jiří Večerník

Work from Home and its Effect on Family Life
Renáta Kyzlinková, Kamila Svobodová

Certain Aspects of Intra-generational Redistribution in the Basic Pension System
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Social and Economic Factors Concerning the Effectiveness of Social Services
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Motivations for Employers to Take on Immigrants
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Summaries of Reviewed Articles Published in 2007 and 2008

Approaches to Transformation and Social Reform in the Czech Republic

Work from Home and its Effect on Family Life

International Migration of Skilled Labour and the Risk of Outflow of Czech Doctors to Other Countries

Are the Social Services in the Czech Republic Following the Current Trends?

Support of Economic Activities of Elder Population in Austria

Mainstreaming Social Inclusion in the Czech Republic: Challenge to Czech Public Policy

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Essay on the Prospects of Solidarity and Equivalency in Social Welfare Systems

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Dear readers,

you have in front of you a special English-language and electronic 2008 edition of the peer-reviewed journal *Social Policy Forum*. This Czech-language bimonthly is published in printed form by the Research Institute for Labour and Social Affairs. It comes out six times a year. The first three editions were published in 2007, the magazine's launch year, followed by a further six in 2008. The magazine usually has 32 pages, but is enlarged if necessary. Each issue is published online at www.vupsv.cz a year after the print version came out. The electronic version of the magazine has been allocated the identification code ISSN 1803-7488. The reviewed articles and articles of interest for readers from abroad are furnished with an abstract in English; these are found on the inside back cover.

The publication of an English-language special issue is intended to introduce potential non-Czech readers to the journal. The editorial board therefore selected for translation five previously issued articles that can be seen as representative of the range of content of reviewed papers published in 2007 and 2008.

The first article "Approaches to Transformation and Social Reform in the Czech Republic" looks at the role of social policy in influencing the development of society and its social structure, the importance that social certainties and social prospects have for individuals and their behaviour and choice of life strategies, and the role of social inclusion in guaranteeing the stability of society; it defines the biggest problems afflicting the current social system, including social policy measures that should be undertaken in order to achieve longer-term goals in the interests of attaining a stable social structure, regardless of political cycles.

Various forms of work organisation, including work from home, can be used to make the labour market more flexible and to enable a better work/life balance. How work from home affects family life was the subject of the paper entitled "Work from Home and Its Effect on Family Life".

Pensions were the focus of "Certain Aspects of Intragenerational Redistribution in the Basic Pension System". The article uses model examples to demonstrate certain aspects of intragenerational redistribution in the basic pension system. These aspects are dealt with separately so that the application of the principles of equivalence and solidarity in the system can be illustrated. The planned pension reform should bring changes in the way these principles are applied, resulting in a strengthening of the equivalence principle in the basic pension system.

The aim of the article entitled "Social and Economic Aspects of the Effectiveness of Social Services" is to draw attention to the social and economic aspects of the effectiveness of the social services and to map the links between the various determinants of social services' quality and accessibility. An economic approach is applied to the social services, i.e. scrutiny of the costs of social services and their production efficiency. The key components of this approach are economic calculations and the properties of the delivered social services. However, in the national economy the social contexts of the accessibility of the social services are also significant, and attention must be paid to the aspects of humanity and human dignity. Besides looking at the properties of the social services from the point of view of economics and social policy, the paper deals with links related to healthcare and social care and shows the complexity of the production of welfare in the social services in a market economy.

The subject matter of "Motivations for Employers to Take on Immigrants" is the employment of foreign nationals in the Czech Republic. It is based on analysis of data gathered by means of a questionnaire-based survey and interviews with representatives of organisations that legally employ immigrants in the Czech Republic. The article focuses primarily on the motivation of employers to take on foreign workers in both manual and white-collar positions. Many employers hire foreign nationals in response to a shortage of domestic labour, but there are certain specifics that differentiate between the two groups.

To conclude, abstracts of all the reviewed and published articles are presented, including those that make up the content of this issue.

We hope and trust that our readers will thus be able to gain a sufficiently accurate idea about *Social Policy Forum* and its content.

Ladislav Průša
editorial board chairman

Approaches to Transformation and Social Reform in the Czech Republic¹

Jiří Večerník

In this paper we wish to demonstrate the importance of a broader and longer-term approach to social policy. In contrast to the correcting role social policy plays in societies evolving in continuity, in transforming countries its role is more to shape the foundations of society. That does not just apply to the specific interests-related area of social policy: it is also a significant contribution to the shaping of the social structure that determines economic strength and growth in the long term, and thus also social expenditure and the means of financing it. If a society fails to build an integrating and dynamic socio-economic structure, a circle of short-term partial policies is set in motion and growing pressure is placed on redistribution. A productive middle class is the backbone of this kind of stabilising structure.

The economic and socio-economic approaches

Post-communist transformation is not some kind of return to an optimal state of affairs, as there is no such thing in society. Essentially it is a rectification of one intervention in the system by means of another intervention, however much this takes place within narrower political bounds and with an incomparably higher efficacy and transparency. This process fundamentally differs from the experiences of traditional societies, in which gradual changes in the socio-economic structure bring about social problems, which particular policies then respond to. Gøsta Esping-Andersen's theory, that a social regime can be qualitatively defined by the interests of social classes that assert certain social policies, then applies to these traditional societies (Esping-Andersen, 1990).

Unlike the correcting role that social policy plays in societies evolving in continuity, in transforming societies its role is to shape the foundations of society. Above all, the new ownership structure and, to a considerable degree, the role of institutions as well as the extent of and channels for income redistribution, are formed by a political "top-down" process. The policies' room for manoeuvre is no "tabula rasa", however, as they exist in an environment replete with strong ingrained interests. The "velvet" nature of the Czech overthrow of the communist regime allowed social ties from the past and functional interest structures to persist. What is more, the lack of will to force through new rules made it possible for insiders to play a role both in the carving up of a huge amount of property and in the formal adaptation of institutions to the new circumstances.

In this kind of situation, the historical sequence of "social structure – social

problems – social policy" is reversed. The previous system is dismantled using political tools and simultaneously new policies respond to problems arising out of the transformed situation. A new socio-economic structure emerges almost as an afterthought and in a not particularly manifest manner. The new structure may either palliate or, conversely, aggravate old problems and simultaneously either generate new problems or forestall them. The transformation process of conversions and revisions can be clarified by an analysis of institutions and structures.

To some extent, studies of institutions and social structure were a response to over-simplifying economic interpretations. These include studies of institutions by Jon Elster, Claus Offe and others on "rebuilding the ship at sea" (Elster, Offe and Preuss, 1998) or social-structure studies by Ivan Szelenyi and others on "making capitalism without capitalists" (Eyal, Szelenyi and Townsley, 1998). One area of specific interest is the political and institutional background of social policy in general and pension reform in particular (Cook, Orenstein and Rueschemeyer, 1999; Orenstein, 2000; Müller 1999). Analyses of the economic and social status of the middle class (Landes, 1998; Adelman and Morris, 1967; Kreml, 1967; Tilkidjiev, 1998; Easterly, 2000; Pressman, 2001) represent another significant research stream.

Table 1 presents a simplified stylisation of the economic and socio-economic approaches. From the economic point of view, social problems are regarded as the price paid for reform, so we then speak of the social costs of transformation. We view social change as it were from outside and, primarily, from the perspective of the overthrow of the communist regime that leads to the transformation. The socio-economic approach observes the change from within society and more from the point of view of the continuity that the

transformation permits. The qualitative transformation of the socio-economic structure is more important here than quantitative shifts. Economic sociology talks of the "embeddedness" (as per Granovetter, 1985) or "encapsulation" (as per Etzioni, 1988) of economic action in the social structure.

From the socio-economic point of view social problems are not necessarily mere secondary effects, as to some extent they are attributes of the substance of the social structure of society and the direction it is heading in. The principal "social problem" may thus actually be the socio-economic structure itself, if tensions persist in it or are created or strengthened by it. Short-term policies that target consequences instead of causes may thus contribute to undesirable changes in the social structure and gradually bring about deeper-set and more enduring problems. The growth of mandatory expenditure in the state budget, which limits key functions of the state in the formation and maintenance of public goods, may be a manifest indication of these problems.

Social guarantees and social perspectives

Of course, conceiving and, above all, pushing through truly far-sighted policies is not easy in a democratic society, if at all possible even. Individual policies have to be asserted from the heights of "high" politics, whose orientation is decided in general elections. On the one hand, the ruling elite is badgered by economic experts demanding efficiency and rationality, so that benefits are economical and precisely targeted, citizens' greater participation in securing their future, an effective regulation and control of expenditure channels. On the other hand, the much more powerful "vox populi" demands greater public spending,

stronger social protection and greater security. The public opinion surveys widely used by the media can hardly be expected to produce any other findings.

Nevertheless, outlooks must be considered alongside social guarantees. Whilst social policy's role in preventing poverty is evident, it is not applied to the reproduction of the middle classes that integrate society. Economist Robert R. Kaufman praised the Central European transition countries for their provident social policy that was not restricted to the residual model, but also embraced the "economically vulnerable yet politically influential middle class (Kaufman, 2007). Comparative analysis done by Swedish sociologists reveals that means-tested benefits are not the most effective tool for reducing inequalities – the most effective tool is obligatory contributions ensuring differentiated incomes, i.e. the middle class system (Korpi and Palme, 1997).

Citizens regard the state as socially uncaring and are convinced of the existence of a large stratum of rich people that should be taxed harder. At the same time, their opinions are not devoid of ambivalence. CVVM survey conducted in March 2006 showed that the majority of respondents believed that reforms were necessary. This opinion is strongest with regard to housing and healthcare, but also prevails in the areas of pensions, social benefits and taxes: 65-70% of respondents were inclined to think that fundamental reforms are necessary in these areas. But when it comes down to a specific issue, the predominant emphasis is on strengthening social measures, and thus also government spending. Opinions on the principal areas were spread as follows:

- On pensions, most people agreed that people should participate in securing their old age. At the same time, however, obligatory payments by people in employment must increase so that they can always cover pensions and pension valorisation. Only a minority agreed with raising the retirement age proportionately to people's increasing longevity and improved health.
- On taxes, almost 80% of respondents answered that they do not understand the Czech tax system. Even more want social and health insurance paid in by the employer to be stated on payrolls. Twice as many respondents prefer direct taxation to indirect one. Just under half the respondents rejected a flat tax rate, the rest would accept it or did not have a firm opinion.
- On social benefits, there is a prevailing agreement that they should only be provided to the most needy, whereas those who avoid work should have their benefits reduced or stopped. The same number of respondents considers social benefits to be important to support families, though. Many more people,

however, agree with the opinion that it is important to enable parents to decide whether they want to work full-time, part-time or to remain at home with their small children².

This is not just a question of individual opinions, however: their contexts and links are also important. As a rule, people judge each area separately, so the awareness of the link between pensions, taxes and benefits is weak. No consideration is given to the fact that the demanded increase in contributions into the pension insurance system would lead to problems in employment and that this also goes against the majority view that the family should be supported by tax cuts. Similarly, the dissatisfaction with the level of subsistence-minimum benefits does not tally with the desire for lower taxes. The priority given to greater and more progressive taxation is based on the idea that increased taxation of "the rich" would secure financing for social expenditure.

It has also been shown that political preferences only carry any weight in the case of issues receiving broad media coverage, where opinions are clear-cut only at the extremes of the political spectrum, which are occupied by just a few respondents. The differences between the supporters of the main political parties are greatest on the point of progressive taxation: just one-fifth of Civic Democratic Party (ODS) supporters definitely agree with progressive taxation, compared to 60% of supporters of the Communist Party of Bohemia and Moravia (KSČM). The same applies to the degree of agreement with a possible flat tax rate. There are also pronounced differences between various parties' potential voters on the clarity of their preferred approach: those who vote for the Czech Social Democratic Party (ČSSD) and KSČM more frequently demand both greater personal responsibility for security in old age and continued increases in the contributions paid in by employers for their employees.

It is also interesting that opinion differences in the Czech Republic are more pronounced if we analyse the respondents' answers in terms of education rather than by age. In western European countries with a high standard of education and social guarantees a generational conflict arises, whereby young people demand the same guarantees as their parents enjoy, but the economic conditions do not permit this. In the Czech Republic, differences between generations are important in the area of pensions (young people more often agree with raising the retirement age and reject the increasing of obligatory contributions); otherwise, however, education-based differences prevail: better-educated people are more likely to support the opinion that people should play a greater role in securing their old age, regard tax cuts as a better way to support

families than increasing benefits, and are not such enthusiastic advocates of progressive taxation.

In the principal areas, however, the majority of the population demands a strengthening of the components that are already sufficient in the Czech redistribution system. These are, for example, the considerable progressivity of taxation and the means-testing of social benefits (Večerník, 2006a). Taxation of labour in the Czech Republic is also above the EU average and it is hard to see any way to increase it further. Although the proportion of GDP accounted for by contributions to pension security in the Czech Republic is lower than the EU average (8%:11%), the report made by the Executive Team for the Preparation of Materials for Decision-making on Pension Reform in the Czech Republic, lead by Czech National Bank economist Vladimír Bezděk draws attention to three reasons why it cannot be regarded as low: 1) pay and the appropriate contributions relative to GDP are much lower in the Czech Republic than in EU countries; 2) the Czech population is significantly younger than in the old member states; and 3) pensions are not taxed in the Czech Republic, unlike in pension systems in the EU (Pension Reform, p. 77).

It is quite understandable that people are very keen for social guarantees. Development has accelerated in modern society; the traditional intergenerational solidarity has eroded and the state's interference in private life has increased. The development of production potential in various countries and globalisation have brought new employment risks, which are also passed on to the state. The problem with democratic politics is that it has to respond somehow to increasing expectations that grow over a short time scale and look to the most advanced social systems as their example. Their growing problems are not given much thought. Of course, that does not mean that the vision of social outlooks is entirely suppressed in society's awareness. The same applies to "high" politics, but there even laudable intentions are watered down by day-to-day political wrangling.

Social inclusion and the inclusive society

Human conduct is not influenced by individual factors separately but by their configurations; it is not governed solely by the state of affairs, but also by the path of development. A society should be perceived in terms of its genesis, uniqueness and dynamism: arguments based on a statistical cross-section need not apply for changes over time, and the application of "good practice" usually also requires a corresponding context. Policies

are important, but since they are only limited in scope, other mechanisms or generated effects may determine their impact. It is not easy to understand the processes that would serve as a suitable basis; aggregate data and standard procedures are not enough here. That also applies to social inclusion: understanding social inclusion as a real process requires a socio-economic and structural approach.

Above all, the starting point should be that inclusion is a two-way relationship, i.e. it demands consideration for the structures people are to be integrated into as well as for the people themselves. These structures have to be strong and open. An inclusive society is formed by large and dynamic middle classes, along with a functioning civil society. The strength and, most notably, the nature of social capital is also important. Social capital may have a double nature – it may be a public good producing confidence and thus creating an effective motivational environment, or it may be a private good producing a distribution network through which advantages are passed on to its members (Matějů and Vitásková, 2006). An inclusive society can hardly be the kind of society where the latter type of social capital is predominant, as the undermined legitimacy of redistribution weakens the “receiving party” of the integration relationship.

International comparison in this area is misleading. If Czech expenditure is lower than the EU-15 average, one cannot automatically infer that in this regard we have room for improvement in this regard and that we have to “catch up” with Europe in certain social parameters. Firstly, there are extreme differences between countries and the average does not express any optimum value. Secondly, high expenditure is part of certain historically evolved models that cannot be arbitrarily transferred from one country to another. And thirdly, high social expenditure in “socially advanced” countries is in many cases being reassessed today. The arguments that imitation and catching up are based on have some striking shortcomings – comparison of averages, disregard for context, inferring causal relationships from statistical correlations.

The usual procedure when making economic comparisons is that average values for various countries and periods are “condensed” from the statistics. If we then observe the correlations between them, we can persuade ourselves that we know how, for example, employment, disparities in pay, poverty and social expenditure are linked and what causes these quantities to change – higher employment brings less poverty, greater redistribution means less inequality. And above all: higher state transfers reduce poverty. An analysis by Catillon, Marx and Bosch (2002) of 12 developed countries showed that most of the said relationships

are null and even the remainder are not categorical. With the exception of Great Britain, the sensitivity of the poverty rate to the size of state transfers is low, or confined to households with the lowest incomes. Country-to-country comparison does not even demonstrate a categorical link between social expenditure and the rate of employment.

Because there is a lack of understanding of real processes and contexts, life holds surprises in store for common-sense conclusions. If employment has risen and state spending has not fallen in developed countries in the past decade, why have income inequality and poverty increased? That high employment can co-exist with relative income poverty is known from the USA, where people are pressured to accept worse-paid jobs. But how come, in socially generous Belgium, employment and poverty have increased hand-in-hand? We have to turn to mechanisms and differentiations: the higher employment in this country benefited households in which someone was already employed and, conversely, there was an increase in the number of families living solely on benefits. Similarly, in the Netherlands employment growth has been accompanied by just a small decline in poverty in absolute terms and an increase in relative poverty even.

It is common that ostensibly convincing political programmes are derived from correlations on cross-national data. No allowance is made for the fact that comparing countries gives little information about reality, that dynamics is more important than comparing current states. Thus, for example, the link between state spending and the poverty rate (more of the former means less of the latter) is not at all categorical. As Michael F. Förster (2004) demonstrated using data from 20 OECD countries, whilst the correlation between the levels of social expenditure and poverty was high (coefficient of determination 0.62), the correlation between the increase in social expenditure and the decrease in the proportion of poor people was zero during the 1990s (coefficient of determination 0.01).

Statistical indication of social problems is a much bigger problem than it might seem at the first glance. No single indicator has a sufficiently broad explanation value, and assessing the effect of political intervention has considerable pitfalls for other reasons too. Let us use as examples first the indicator of the risk of poverty agreed by a committee of experts and legitimated by the EU in the package of “Laeken Indicators” on poverty and social inclusion, and then also the method for calculating the effectiveness of redistribution (see Atkinson *et al.*, 2002).

Even if we reduce poverty to its monetary aspect, the path from ascertaining family incomes to defining poverty is beset with choices that have to be made. First,

incomes for various sizes of household have to be converted to some common base taking into account the economies of scale related to the number of people in the household. The methodology of the EU’s risk-of-poverty indicator calculates consumer units by defining the first adult in the household as one entire unit, other adults as a half-unit and each child (up to 13) as just under one-third. The next choice is the choice of the income median or mean – today it is the median, previously it was the mean, which resulted in greater poverty. Setting the percentage of the median at which the poverty line exists is of fundamental importance – it is often a variant percentage, so it distinguishes between the more or less at-risk population.

The applied equivalent units conversion is out of line with the Czech reality in two regards. Above all, it works with greater economies of scale than exist in the Czech Republic, given the smaller shared expenditures of households. The second problem is the cost of children, which, according to a Czech Statistical Office survey from 2003, is higher in the Czech Republic than the cost defined using EU methodology (70% compared to 60% of the expenses of an adult). Relative expenditure is thus undervalued in the case of families with children and overvalued in the case of single-member or two-member households – consequently, child poverty, which is even so already double the average, is also slightly underestimated. There is even greater arbitrariness in other parameters, which may be influenced by the social experiences gained by researchers from their own countries. In any case, however, this is an indicator that measures relative income differentiation rather than actual poverty, as borne out by the fact that it is at variance with other poverty indicators (Večerník, 2004).

The “standard method” for ascertaining the impact of redistribution is based on the counterfactual assumption that if there were no state redistribution of incomes there would be no redistribution at all, which would have fatal consequences for the social security of individuals and families. This method has some justification and it is not only widely used (*inter alia* in the agenda of the European Commission, most recently EU 2007), it is also theoretically defended (Ringén, 1998). On the other hand, however, there is no doubt that there is a trade-off between traditional (familial and charitable) redistribution and state redistribution. Not only do state transfers gradually crowd out other transfers, they also create respective expectations, with possible demotivating consequences.

In this area – as in many others – the question is how to shift from statistical figures to economic reality. Areas and indicators that are separated in statistics are actually only different aspects of the

same thing. In reality there is no partition between the economy and society, between the social system and the labour market, between individual motivation and state transfers. People weigh up a diverse range of pros and cons and act accordingly. Society should therefore be perceived from the perspective of all the mechanisms and differentiations, including less evident ones. That means that alternative forms of behaviour – speculation, rent-seeking or moral hazard – should also be considered; in other words, the fact that many families have more children because that brings increased benefits, that people collect benefits and yet earn money on the side, or that they rely on the state to resolve any problems they might have.

The main problem with redistribution is the fact that if you give to one you take away from another. The assumption that redistribution takes place from the rich to the poor is an illusion, as in reality it takes place from the middle class to the lower class, and sometimes even from the bottom upwards. It is also an illusion that “other circumstances” will remain the same (this well-known condition of economic models), when we change the rate of taxation or restructure social benefits. People react actively and try to adapt somehow to the changes. Shifts in motivational potential therefore lurk behind evident financial flows. Yet these are the principal, but unfortunately statistically immeasurable, externalities of redistribution: demotivation to work and carry on a business, the trapping effect of social benefits and, ultimately, the strengthening of bureaucratic power.

Past and future reforms

Even though the Czech system functions adequately, problems remain. The biggest problems include its one-way direction, the absence of feedback to the labour market and, consequently, its growing absolute and relative costs. The forecast growth in the proportion of state budget expenditure accounted for by mandatory expenditure is menacing. Distributive problems, from the point of view of population categories, generations and the degree of economic activity, are also serious: 1) income distribution has for long been shifting to the disadvantage of children; 2) the population faces rapid ageing; and 3) long-term unemployment (in many cases essentially permanent unemployment) has come to make up half of all unemployment stock. Let us take a more detailed look at these three problems.

Problem 1) There is a disproportion between the development of the incomes of two keenly watched categories of the population – pensioners and families with children. Whilst the income status of the households of pensioners had improved right up to 2002, the position of children, in

terms of the families they live in, has deteriorated. According to the current EU indicator, just 6% of pensioners live in households at risk of poverty, whereas the figure for children is 18% (Living Conditions 2005 survey). This contradictory development is enhanced by the fact that as the number of children in society decreases so does their income standard, whilst the income standard of the ever-increasing number of pensioners is rising. Of course, this is not to say that pensioners are sufficiently provided or that this is an explicit distributional conflict.

Some measures in recent years have helped improve the situation of families with children slightly. In taxation, these include the “baby bonus”, the reduction of tax for the lowest-income taxpayers and joint taxation for married couples with children. In employment, one such measure is allowing people to earn extra money when collecting parental benefits. Higher parental allowance is significant, but this is collected mainly by young couples. The tax reform proposed by the current governing coalition also favours families with children, although the resulting shifts in income distribution would only be small. On the other hand, though, the sharply rising overall cost of housing needs to be taken into account.

Problem 2) Although the burden on the state budget represented by pension benefits expenditure does not reveal acute or short-term problems, the long-term outlook is all the more worrying. The conclusions of an analysis by Vladimír Bezděk’s team, talk of stabilising the current system for the coming twenty years, but also mention its long-term unsustainability. The calculation reveals that the current pension system would create a budget deficit of 43% of GDP by 2050, with the replacement ratio falling from 42% to 38% (Final Report, 2005: 16).

Initially, only the most agreeable conclusion, i.e. that the system is stabilised for the coming 20 years, was politically exploited from the analysis. However, the current governing coalition sees the problems clearly and is proposing pension reform in three stages: in the first stage, the raising of the retirement age to 65 will continue, certain changes affecting insurance periods will be made and “partial retirement” will be introduced; in the second stage, reserves for pension reform should be created, payments for substitute insurance periods introduced, insurance premiums reduced and certain changes made to private pension insurance; in the third stage, the option of redirecting part of pension insurance contributions to a personal account with a pension fund should be introduced.

Problem 3) The social benefits system is satisfactory as far as prevention of poverty

is concerned but not particularly effective from the labour market point of view. Unemployment has grown considerably since 1997, creating a “new poverty” brought about by the failure of the labour market. The biggest problem is the proportion of long-term unemployed people, which grew from 37% of total unemployment to 54% from 1999 to 2006. Almost one-fifth of unemployed people now stay out of work for more than four years, indicating a permanent dependency on benefits. The system undoubtedly contributes to this growth, as long-term unemployed people are also found in locations where vacancies exist or where foreigners are employed, which is evidence of the local people’s lack of willingness to work under the given conditions.

The social legislation drawn up in 2005 and 2006 and applicable since 2007 is supposed to help reconcile social protection and employment so that it pays to work: whilst people actively seeking work will be advantaged, support for people who are passive in this regard will be reduced or cut off entirely. The effect of the new measures will depend on the performance and rigorousness of the relevant institutions and the coordination between them, though. The new governing coalition’s proposed social reforms also include the elimination of automatic valorisation schemes, a tightening of the limits for providing state social support and social care benefits, the option of drawing parental allowance and certain other measures intended to achieve slight savings and, above all, advantage active people and reduce social dependency.

The draft reforms presented by the new governing coalition in spring 2007 are moderate, but even so they led to a strong political conflict with the left (Czech-Moravian Confederation of Trade Unions, 2007; Škromach, 2007). As a rule, reform endeavours founder in political wrangling, because whilst their positive impacts apply to the more remote future the “political price” has to be paid immediately. It will therefore be all the more difficult to continue in the planned later stages of reform, whose common denominator is either the re-coupling or more effective coupling of aspects that logically go together: active and post-active life, the social system and the labour market, the economy and the family, the bureaucracy of benefits and employment³.

If we speak today about rising debt and future problems, our attention should not be confined to economic debt (which can be defined in precise quantitative terms) but should also encompass social debt (defined in the qualitative concept of the socio-economic structure rather than quantitatively).

Indebtedness is explicit in economic terms and can be readily expressed in financial terms. Whilst economic growth has

been successful in recent years, the state runs a deficit. Whilst unemployment growth stopped in 2003 and the dependency ratio has so far remained favourable with regard to economically active strong population year-groups, state budget social expenditure continues to grow. Above all, if economic growth – driven by exports of foreign and Czech firms and household consumption – were to slow down in consequence of various external circumstances, the financial burden constituted by the high mandatory expenditure would become unsustainable.

In social terms debt is implicit, unless of course we do not view the social sphere as an arena of transfers and instead as the formation of a dynamic social structure in which stimuli and conditions for rewarding hard work, knowledge and resourcefulness are created. There should be a helpful institutional environment and motivation for medium-sized and small business, tertiary education and the expansion of research and knowledge-based strategic services. Instead of the return on social investments in the narrow sense of the word, the situation may become a trap where a growing number of people exploiting the generous social state will oppose reform efforts, so the feasibility of reforms – which is already not great today – will be reduced further.

- 1 The research was supported by the project "Individuals and Households in the Czech Republic: Transformation Changes and Cross-National Comparison" financed by the Grant Agency of the Czech Republic under number 403/08/1369.
- 2 For more details see the Press Release from the said CVVM research available at http://www.cvvm.cas.cz/upl/zpravy/100570s_es60406.pdf (Večerník 2006b).
- 3 See Social Reforms. Everything about the Proposed Changes to Social Policy. Current state as of 29.5.2007. <http://www.mpsv.cz/cs/4074>

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Table 1: The economic and socio-economic approaches to transformation

Characteristics	Economic approach	Socio-economic approach
Attitude to social problems	costs of transformation	part of social change
Point of view	from outside	from inside
Role of history	discontinuity (reform steps completed at a particular time)	continuity (dependency path, never-ending story)
Localisation of social problems	faults in the main process, at the margins	at the core of the socio-economic structure
"Normal state" of the system	equilibrium (and distortions thereof)	conflict of interests (and the compromise that is struck)
Social structure seen as	a secondary product of transformation	the primary source and framework of social change
Economics is conceptualised as	a formal discipline (rational choice)	a substantive discipline (institutionalised relationships)
The economy is understood as	being controlled by its own logic, autonomous and dominant	"encapsulated" in the socio-economic structure
Sources and channels of change	mechanisms (markets)	actors (social groups)

Work from Home and its Effect on Family Life¹

Renáta Kyzlinková and Kamila Svobodová

Work from home, one of the main forms of distance work, in which workers are not tied to fixed working hours and which enables them to optimise their work regime in terms of the time and place of work, is currently becoming more and more popular among both employees and employers. It means flexibility and increased autonomy for employees and above all savings for employers.

Distance work as a tool of flexible employment

Although some employers have already recognised the advantages mentioned above, contracts stipulating a place of work other than the employers' offices continue to be a cause for concern for a number of them. These concerns arise mainly from a lack of control over employees or limited communication possibilities. Employers thus do not have direct control over employees' productivity and cannot increase their workload if necessary (Basl, J., Jandová, L., Vyhňáková, S. 2004).

It is a reasonable assumption that work away from the workplace will become more widespread with the development of telecommunications and globalised society. Above all, we can expect an expansion in teleworking, i.e. distance work making use of telecommunications technologies. As a flexible form of employment, distance work is also supported in government documents in the Czech Republic (e.g. National Employment Action Plan 2004-2006), both as a way to increase employment and in order to improve the work-life balance (Horáková, 2004; Kuchařová et al., 2006; Akselsen, 2001).

The fact that distance work is becoming an important phenomenon in the world of work can also be observed in the international context. Distance work is a frequent subject of negotiations between European social partners. The fundamental document in this regard is the 2002 agreement between the social partners defining distance work and laying down certain rules for this form of employment² (EIRO: EU0207204F). Unlike agreements on similar areas (part-time work, parental leave or fixed-term work), however, this agreement did not take the form of a directive. The agreement is meant to be implemented through the members of the concerned parties in line with specific national procedures and practices for work, employment and management.³

Distance work and the risks it presents

In Europe, Denmark and the Netherlands have traditionally had a high proportion of people working from home (EIRO: DK0207104F). In Denmark, distance work is part of the flexicurity labour market model. Although this type of work organisation is still popular, its risks should also be

mentioned. These risks are highlighted by a number of experts from the very countries where work from home is most widespread and whose economies are based on "knowledge" principles. There is evidence of what is known as "boundless work", meaning that there are no spatial or temporal limits to work (Pedersen, 2007). Work from home is a classic example of this, especially in professions requiring higher qualifications. Practice has shown that these people register significant increases in the number of hours worked, the intensity of work, stress, and work duties' interference in family life. Consequently, this often leads to the paradoxical situation that work from home is chosen as a way to harmonise family and work duties but the inability to define and record the spread and number of working hours leads to increased stress and an unhealthy infringement on family life. This problem is also highlighted by a qualitative study done in the Czech Republic by J. Bierzová. In general it is fair to say that people working from home more readily prolong their working time into the evening as they are not pressured by any external circumstances (a building being closed, transport home from work) to stop working. Bierzová (2006) states in her study: "Although most of the respondents tried to avoid working in the evenings, it is clear that evening work has become a standard part of their lives." Work's interference in family and private life can be regarded as the most intensively perceived negative aspect of this kind of work, not just for the employees themselves but for their partners as well (and possibly children), who have difficulty telling when the other person is free and when he/she is working. This form of work can thus significantly disrupt partner relationships.

Another risk stemming from work from home could be described as "the accumulation of duties". As qualitative studies have shown (Šindlerová, 2006; Bierzová, 2006), a family member who stays at home to work often assumes full responsibility for the working of the household or childcare as well. The partners of people working from home often downplay the amount of time required for their work duties and also leave the household duties up to them. This tendency is particularly characteristic if women are the ones working from home.

Last but not least, work from home, especially if carried out for a long time, can cause its practitioners to develop a sense of

social isolation owing to the absence of work collective.

As one of the atypical forms of employment, work from home may also be associated with employees' greater vulnerability. Employees working from home may enjoy reduced employee benefits or reduced job security than core employees.⁴ Their labour-law protection may be generally lower (Bullock, 1994; NgH), partly because their interests are insufficiently represented by trade unions.

Research methodology and characteristics

In the Czech Republic, distance work has only been researched by qualitative studies. There has been no comprehensive quantitative analysis of this phenomenon. The latest data from sample-based surveys date from the year 2000 (WCS)⁵ and 2001 (HWF)⁶. The Czech Statistical Office offers selected data on distance work using telecommunications technologies, sorted by economic activity and size of enterprise, for 2004. In this context, however, the characteristics of people working from home are of primary interest to us. Is this form of work organisation predominant among manual workers or workers with higher qualifications and more complex work tasks in the Czech Republic? Is it mainly men or women who work from home? And what is their composition in education and age terms? In this study we also aim to map the differences in the relative positions of partners in the case of household chores and childcare between those who work from home and those who travel to work. Differences in satisfaction with partnerships and with the division of roles in the households of those working from home compared to the households of other people will also be scrutinised. Attention will also be focused on certain problems associated with working from home, primarily the displacement of work duties into unsocial hours and the larger number of hours worked by those stationed at home.

This article is based on data from a sample-based survey entitled *Men and Women in the Czech Republic: Life Course and Intergenerational Relationships (GGG: Generations and Gender Survey)*, which is part of the international *Generations and Gender Programme*, known in the Czech Republic as *Family, Partnership and Population Ageing: Generations and Gender*.

Table 1: Structure of the research sample

	N - persons carrying on paid work in the reference week	N - respondents who answered the question about the place of work
employees, self-employed, family members helping out	5029	4887
unemployed	17	14
students, schoolchildren,	80	75
vocational training		
old-age pensioners	141	134
maternity/parental leave/	431	232
collecting parental allowance ⁸ on invalid pension	59	57
total	5757	5399

Source: GGS2005

The Czech part of the project, which also ran in Canada, the USA and a number of European countries', was carried out by the Faculty of Science of Charles University, the Research Institute for Labour and Social Affairs and a company called SC&C. The data was gathered from February to September 2005. Probability-based stratified sampling was used to acquire a data sample of 10,006 respondents of Czech nationality aged 18-79.

Given the above-average size of the sample, the GGS research presents an excellent opportunity to answer the questions listed above. The standard national representative sample-based surveys focusing on working conditions or career paths tend to work with research samples too small to allow us to map in detail the still not particularly widespread phenomenon of work from home. With a total of 358 respondents in GGS who worked at least part of the week from home we can perform statistical analysis based on more detailed sorting.

As the original research sample of GGS respondents included both the economically active and the economically inactive (students, people on old-age pension, people on parental leave), the research sample had to be modified so that the applied sample was made up solely of people who did paid work in the reference week. By adjusting the sample we thus arrived at the set of respondents shown in Table 1.

Extent of work from home and characteristics of the protagonists

Work from home is a variant of gainful activity for both economically active people and people trying to make a little money during study or while on maternity/parental leave or to improve their situation when collecting old-age or invalidity pension (see Table 2). As work from home is regarded as a flexible tool of labour market policy, we were also interested in the extent of this form of work organisation among the economically inactive portion of the population. The low number of respondents from these groups means that our figures are merely guideline, however.

6.3% of employees and self-employed workers worked at least part of the week from home in the Czech Republic. Home was the only place of work for 3.0% of employees and self-employed workers⁹. When other groups of respondents who carried out paid work in the reference week are included, the proportions were slightly higher, i.e. 6.6% and 3.4% respectively (see Table 2). Just under two-thirds of people working at least part of the week from home are self-employed, though. Among dependent workers, therefore, the proportion of people working at least part of the week from home is much lower than in the entire population

of people doing paid work, specifically 3.0%. There was a statistically significant¹⁰ greater incidence of work from home (at least partial) among respondents on old-age and invalidity pension (18.7% and 8.8% respectively). Similarly, students earning extra cash make use of this form of employment more commonly than the ordinary workforce (8.0%). The increased incidence of this form of work among the said groups demonstrates that it is used mainly where a greater need for flexibility is present. The fact that it is not just women caring for children who work from home is also documented by a qualitative study (Bierzová, 2006) that draws attention to its use among students or people with a specific lifestyle. For a number of people, work from home could be a stepping-stone from economic inactivity to an economically active life. Specifically, the disabled or older people with restricted mobility could profit greatly from the expansion of this form of work organisation.

The data show that work from home is not just the preserve of women: men perform it to at least the same extent. 6.5% of women and 7.1% of men worked at least part of the week from home. The difference between men and women as far as place of work is concerned lies mainly in the extent of work in a variety of places away from the home, where men are clearly predominant (27.1% and 6.3% respectively). For that reason, women (87.5%) work consistently in one place significantly more commonly than men (65.8%). The reason can again be found in women's traditionally greater involvement in running the household and looking after the children, which prevents them from holding down a job requiring spatial flexibility.

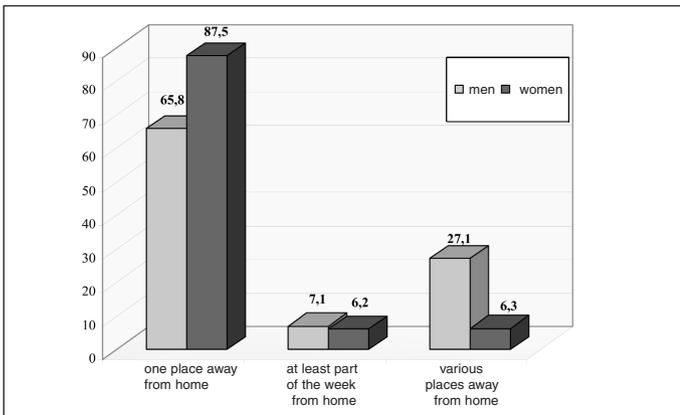
Work from home is also a question of the lifecycle and professional cycle. Here there is a fundamental difference between men and women. Whereas women make use of the flexibility of work from home mainly in pre-retirement age and during their reproductive age, i.e. the age during which they can reasonably be assumed to be caring for small children, men only make use of the benefits of work from home at the end of their professional career, i.e. in the pre-retirement period. The differences between the sexes

Table 2: Place of work by respondents' socio-economic status

place of work	socio-economic status													
	employees, self-employed, family members		unemployed		students, schoolchildren, vocational training		old-age pensioners		maternity parental leave		invalid pensioners		total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
1. I usually work in one place away from home	3703	75.8	6	42.9	45	60.0	99	73.9	208	89.7	46	80.7	4107	76.1
2. I usually work at home	149	3.0	1	7.1	4	5.3	16	11.9	9	3.9	3	5.3	182	3.4
3. I usually work part of the week at home and part away from home	158	3.2	0	0.0	2	2.7	9	6.7	5	2.2	2	3.5	176	3.3
subtotal (2+3)	307	6.3	1	7.1	6	8.0	25	18.7	14	6.0	5	8.8	358	6.6
4. I usually work in a variety of places away from home	877	17.9	7	50.0	24	32.0	10	7.5	10	4.3	6	10.5	934	17.3
total	4887	100.0	14	100.0	75	100.0	134	100.0	232	100.0	57	100.0	5399	100.0

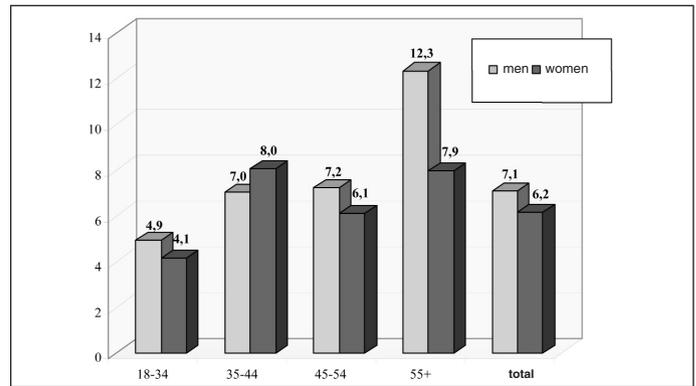
Source: GGS2005

Chart 1: Work from home by sex (%)



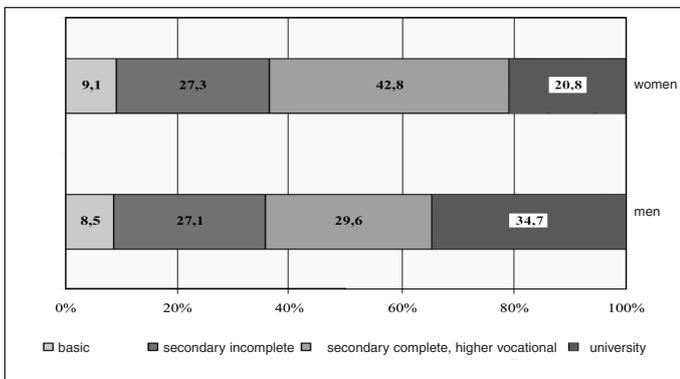
Source: GGS2005

Chart 2: Work from home and the proportion in various age groups, by sex (%)



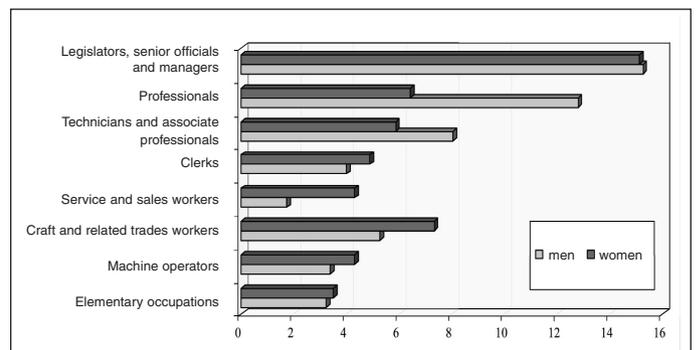
Source: GGS2005

Chart 3: Educational structure of workers working at least part of the week from home, by sex (%)



Source: GGS2005

Chart 4: Professional structure of workers working at least part of the week from home, by sex (%)



Source: GGS2005 (NB: the skilled agricultural workers category was omitted because of the low number of representatives)

were statistically significant at the 5% level. The research shows that 12.3% of men aged 55 and over worked at least part of the week from home - that is 5 percentage points more than the average (see Chart 2). One may merely conjecture a link to deteriorating health and possible mobility problems. The proportion among women in the same age category was just 7.9%. Work from home was least widespread among young people up to 35 years of age, both men and women (4.9% and 4.1% respectively).

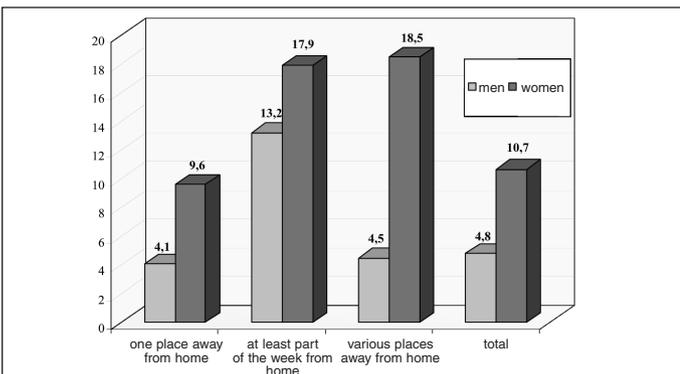
A look at the educational and professional structure shows it would be wrong to claim

that work from home is preferred solely by one group of people with similar qualification levels. Among men and in terms of education, the category of university education is predominant, followed closely by complete secondary education, as more than a third of all men working from home have university education and a little under a third secondary complete. The biggest single category of home-workers among women is that of secondary complete (more than two-fifths; see Chart 3).

As far as profession is concerned, this is more diverse among women, with a more

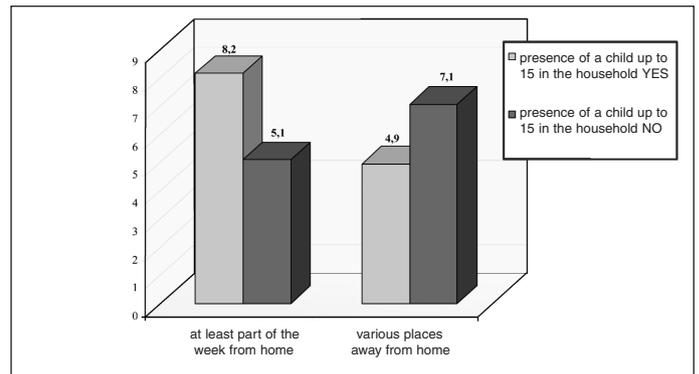
even spread between the different categories. Only women in senior positions rise far above the average (see Chart 4), with 15% of respondents working from home at least part of the week falling in this category - the same proportion as among men. Women are thus more likely than men to work from home without pronounced differences between professions, even in those professions where this form of work organisation is not typical. Among men this form of work organisation is only typical of certain professions, above all those with high qualification requirements.

Chart 5: Proportion of employed people in part-time work by place of work and sex (%)



Source: GGS2005

Chart 6: Place of work by presence of a child in the household, women (%)



Source: GGS2005

Work from home is also often combined with another form of atypical employment, namely part-time work. According to the 2005 Labour Force Survey, around 4.9% of employed people were in part-time work; according to GGS2005 the proportion was higher at 7.6%¹¹. It is widely known that women more part-time more than men. One interesting finding is that work from home also signifies part-time work more often than work done at the employer's office, among both men and women. 17.9% of women and 13.2% of men who work at least part of the week from home are in part-time work (see Chart 5).

It is also a reasonable assumption that it is part-time work that gives men the desired flexibility, as men often combine it with part-time work. In contrast to this, in the case of work done in a variety of places away from home the proportion of part-time work among men is similar as with one place of work away from home, i.e. relatively low. In this aspect there is a pronounced gender difference in locationally diverse work, as women working at various places away from home combine this type of work with part-time work to a much greater degree than men (18.5% of women compared to 4.5% of men).

It is evident that the place of work among men is determined primarily by their profession or the situation on the labour market. Concerning women, it is even family situation which plays an important role. If we look at the data sorted according to the presence of a child under the age of 15 in the household, women living in a household with at least one child are more likely, to a statistically significant degree, to work from home and less likely to have jobs requiring them to work at various places away from home. Whereas 8.2% of women whose households contain a child under 15 worked from home, among other women this proportion was just 5.1% (see Chart 6). A child in the household is therefore a fundamental predictor of this form of employment. Whether the woman was a single mother or shared the household with a partner was immaterial in this regard (the proportions of women working from home were the same). Among men, the presence of an under-15 in the family had no influence on the place of work.

The impact of work from home on the division of household duties between partners - as depicted by quantitative data

According to the results of qualitative studies (Bierzová, 2006; Šindlerová, 2006), work from home does not necessarily make it easier to balance work and family duties. The studies show that in many

cases it complicates the situation rather than facilitating it, for as a rule the majority of household and childcare chores are placed on the woman's shoulders. Ivana Šindlerová states in her report that "the demands placed on the partners are closer to the demands placed on "housewives" than on women working from home". The partners of people working from home thus often do not respect their partner's workload and duties, so the overall burden placed on them may consequently be much greater than if they worked away from home. We set out to corroborate and elaborate on the findings of the qualitative research using our own data. The analysis started with the following hypotheses:

Hypotheses:

- 1) H1: Women/men working from home are less satisfied with the organisation and division of domestic duties among partners¹².
- 2) H2: Women/men working from home are less satisfied with the organisation and division of childcare duties among partners.
- 3) H3: Women/men working from home will be more likely than those working at the employer's workplace to state that it is he/she rather than his/her partner who is responsible for specific household duties.
- 4) H4: Women/men working from home will be more likely than those working at the employer's workplace to state that it is he/she rather than his/her partner who is responsible for specific childcare-related activities.

Analysis of contingency tables (tested using χ^2) and the one-way ANOVA test show that we have to reject most of the posited hypotheses. Quantitative analysis thus did not confirm the findings gained from qualitative research. However, as reality can hardly be reduced to a list of hypotheses, let us take a closer look at our results.

H1 and H2

Men and women working from home are equally satisfied with the division of childcare and household duties among partners/spouses as those who work away from home. Satisfaction was measured on a scale of 0-10, where 0 meant the lowest level of satisfaction and 10 the highest. There was no statistically significant mean differences in individual groups. Satisfaction with the division of household and childcare duties prevails among both men and women (the average satisfaction score was around 8). In general, though, it is fair to say that men, whether they work from home or at one or more locations away from home, are more satisfied with the division of chores than women.

H3

We also asked the respondents who usually does selected household-related activities (preparing meals, daily shopping, vacuuming, managing finances, minor repairs in the household or organisation of leisure time). Both men and women declared that women are predominantly in charge of the said activities, with the exception of managing the household's finances and organising free-time activities, which are generally shared equally, and minor repairs, which are mainly the preserve of men. The assumption that women working from home would shoulder the burden of these chores significantly more commonly than women working away from home was not confirmed. The reason may be very prosaic. The differences are minimal because women in Czech society do most of the household duties whether they work from home, at various locations or at a single location at their employer's premises. The percentage distribution implies a slight tendency of more equal division of household duties in families where the woman partner works at various locations away from home (see Table 4).

In contrast, men working from home may offer a slight reprieve from household

Table 3: Satisfaction with the division of childcare and household-related duties among partners; test of the mean differences

satisfaction with division of duties and place of work	women				men			
	N	mean	ANOVA		N	mean	ANOVA	
			F	sign.			F	sign.
childcare								
one place away from home	558	8.03	0.1472	0.8631	478	8.62	1.1102	0.3300
at least part of the week from home	53	7.94			49	8.45		
various places away from home	29	7.83			208	8.79		
total	640	8.01			735	8.66		
household duties								
one place away from home	1420	7.79	0.9292	0.3951	1167	8.59	0.5589	0.5720
at least part of the week from home	110	7.50			141	8.46		
various places away from home	86	7.84			482	8.63		
total	1616	7.77			1790	8.59		

Source: GGS2005 (NB: only respondents who live in a shared household with a partner/spouse and whose household, in the case of the question concerning childcare, contains a child under 15 are included.)

duties for their female partners. Men who work at least part of the week at home are more likely than other men to wash up or shop for food. Whereas home cooking, washing up and shopping are done by respectively 7.3%, 8.2% and 10.3% of male respondents who work at one place away from home, among men working from home the proportions are almost double at 13.9%, 15.4% and 16.3%. Men working in a variety of places away from home are, according to their statements, even less responsible for household chores. The same model applies in the case of the equal division of duties associated with the activities under scrutiny.

It is interesting that both men and women working from home handle the household's financial matters relatively more often than people working at one place away from home. Whereas 22.8% of male respondents working at a single location away from home declared that they were usually the ones who are responsible for the household's finances, as many as 33.6% of men working from home claimed to take care of money matters. We found a similar difference among female respondents: 22.8% and 38.9% respectively (see Table 4).

H4

The majority of expert studies dealing with this subject hold the opinion that women usually elect to work from home because that allows them to take better care of their children (Bierzová, 2006; Broughton, 2007; Šindlerová, 2006). According to the formulated hypothesis, women and men working from home should declare more often than people working at their employer's workplace or at various locations away from home that it is he/she rather than their partner who is responsible for a specific childcare activity.

Although the spread of frequencies shown in Table 6 might suggest that the scrutinised groups of respondents do differ in their share of certain childcare duties, the low numbers in individual categories do not make these differences statistically significant. Hypothesis 4 was thus not confirmed by our analysis, either in women or in men. Even so, certain tendencies (nevertheless statistically not significant) are indicated: women working at various places away from home share the responsibility for certain childcare activities with their partner more equally than other women do, and thus assume all responsibility for childcare less often than women working from home or at a single location away from home. Overall, it is fair to say that in most families mothers are primarily responsible for getting children dressed and looking after them during sickness. If both parents do roughly share the responsibility for any of the activities listed in Table 5, these activities are playing with the children and spending free time with them.

Table 4: Responsibility for selected household duties, respondent versus partner

			one place away from home (%)	at least part of the week from home (%)	various places away from home (%)	total (%)
preparing daily meals	men	always/usually respondent	7.3	13.9	6.1	7.5
		approx. same as partner	16.9	22.6	17.3	17.4
	women	always/usually respondent	85.2	87.0	76.8	84.9
		approx. same as partner	11.9	9.3	18.3	12.1
doing the dishes	men	always/usually respondent	8.2	15.4	6.4	8.3
		approx. same as partner	28.8	33.1	24.6	28.0
	women	always/usually respondent	72.9	70.0	56.6	71.8
		approx. same as partner	22.9	22.0	36.1	23.6
buys food	men	always/usually respondent	10.3	16.3	8.2	10.2
		approx. same as partner	39.7	42.6	36.9	39.2
	women	always/usually respondent	59.0	63.6	53.0	59.0
		approx. same as partner	36.3	29.9	38.6	36.0
vacuums	men	always/usually respondent	19.2	19.6	14.1	17.9
		approx. same as partner	29.2	32.6	26.1	28.6
	women	always/usually respondent	61.0	64.6	54.1	60.9
		approx. same as partner	25.7	20.8	32.4	25.7
does small repairs	men	always/usually respondent	87.9	86.9	92.6	89.1
		approx. same as partner	7.8	9.5	3.6	6.8
	women	always/usually respondent	8.7	13.3	9.9	9.1
		approx. same as partner	9.3	7.6	12.3	9.3
pays bills and keeps financial records	men	always/usually respondent	22.8	33.6	26.5	24.6
		approx. same as partner	57.8	52.1	51.5	55.7
	women	always/usually respondent	26.6	38.9	25.6	27.4
		approx. same as partner	58.9	47.2	55.8	58.0
organises social and free-time activities	men	always/usually respondent	12.7	13.0	13.7	13.0
		approx. same as partner	76.1	71.7	73.0	74.9
	women	always/usually respondent	19.9	20.6	22.4	20.0
		approx. same as partner	72.5	72.0	65.9	72.1

Source: GGS2005 (NB: Respondents in whose households a third party performs the duties under scrutiny were not included in the analysis.)

Table 5: Responsibility for selected household duties, respondent versus partner

			one place away from home (%)	at least part of the week from home (%)	various places away from home (%)	total (%)
dresses children, sees child is properly dressed	men	always/usually respondent	6.1	8.9	3.8	5.6
		approx. same as partner	24.0	26.7	31.1	26.2
	women	always/usually respondent	80.5	90.0	69.2	80.7
		approx. same as partner	18.5	10.0	23.1	18.1
puts children to bed, sees they go to bed	men	always/usually respondent	6.7	6.8	6.0	6.5
		approx. same as partner	38.5	50.0	38.5	39.3
	women	always/usually respondent	62.4	68.3	48.0	62.2
		approx. same as partner	34.7	29.3	48.0	34.9
stays at home when children are sick	men	always/usually respondent	7.4	12.5	5.8	7.3
		approx. same as partner	15.8	16.7	10.1	14.2
	women	always/usually respondent	86.0	89.8	70.4	85.6
		approx. same as partner	10.6	8.2	22.2	10.9
plays with children/spends free time them	men	always/usually respondent	6.2	4.3	8.1	6.6
		approx. same as partner	66.1	73.9	60.9	65.2
	women	always/usually respondent	37.8	39.6	40.7	38.1
		approx. same as partner	60.2	56.3	55.6	59.7
helps children with home work	men	always/usually respondent	10.9	9.1	8.4	10.1
		approx. same as partner	48.4	54.5	40.3	46.4
	women	always/usually respondent	56.0	61.8	47.4	56.1
		approx. same as partner	40.2	35.3	47.4	40.1
takes children to/from kindergarten/day care centre/leisure activities	men	always/usually respondent	9.3	20.0	8.3	9.8
		approx. same as partner	41.9	46.7	38.3	41.3
	women	always/usually respondent	57.9	67.7	46.2	58.3
		approx. same as partner	35.5	32.3	53.8	35.9

Source: GGS2005 (NB: Respondents in whose households a third party performs the duties under scrutiny were not included in the analysis.)

Boundless work and work at unsocial hours

Another risk the expert literature mentions is that, besides the burden of household chores and family duties, work duties are displaced into the evening and night hours. Another negative factor tied to work from home may be the increase in the number of hours spent on work because of the absence of a fixed regime determined by the employer's statutes or customary practices and simply by the employer's operational capacity.

GGs2005 gives us an opportunity to compare both the incidence of work at unsocial hours and the number of hours usually worked separately for respondents working from home and respondents working at one or several places away from home.

GGs2005 data confirmed that people working at least part of the week from home are, to a statistically significant degree, more likely than those working in one or several places away from home to work in the evening, at night, early in the morning or on Saturdays and Sundays, i.e. in unsocial hours. In addition, they are also more likely to have their working time divided into two or more segments than people working in one place away from home and, like people with spatial flexibility, have an irregular

working time or work "on call", i.e. when the employer demands. The working time of people working from home is thus characterised by considerable irregularity, flexibility and adaptability to the current situation than that of people working on their employer's premises. The very nature of work from home means that people can adjust their working time individually, i.e. including from personal reasons. As mentioned above, this option is often used by women caring for small children.

People working from home declare¹³ on average a greater number of hours per week worked than people who work at a single place away from home. People working full-time usually work 44.8 hours, including overtime, according to GGS2005 data. Whereas respondents who stated that they mainly worked at a single location away from work have a usual working week of 43.6 hours and respondents working at various locations away from home 48.7 hours, respondents performing at least part of their work from home work on average 49.0 hours. This claim is not entirely accurate, however, and needs explaining. People working from home are predominantly self-employed, i.e. people who continually display a significantly greater number of hours worked per week than people in employment. So, if we analyse the average number of hours usually worked by place of work for employed people and self-employed people

separately, we arrive at an entirely different picture.

Among employees working full-time we only observe a statistically significant greater number of hours worked in the case people working at various places away from home. Employees who do not work in one place worked on average 47.9 hours a week. Although the working time of employees who do their work at their employer's premises is on average shorter (43.2 hours) than for employees working from home (44.8 hours), the low number of employees working from home means that this difference is not statistically significant (see Table 7).

Self-employed people have on average a longer working week than people in employment, regardless of where they work. For the self-employed, therefore, the length of working week is not determined by the place of work.

One can summarise by saying that the longer working time among home-based workers is determined more by their employment status than by their place of work. We know that this is mainly a case of self-employed people with a greater intensity of work and generally longer working hours.

In this context it would be interesting to ask what causes the said work status of people working from home. We presume that the predominant group among home-based workers will be those whose primary interest was to carry on a business and the place of work was a secondary consideration. On the other hand, though, we know that a number of companies require a trades' licence of people applying for a particular job or to work in specific work positions, although this is often against the law. This kind of contractual relationship reduces employers' labour costs, as they are not required to pay health and social insurance for these workers. Employees working from home would appear an ideal opportunity for the use of a "hidden" employment relationship. These workers are then of course disadvantaged, because labour-law protection and employee rights and benefits do not apply to them. The data show that self-employed people working from home are usually small-scale traders without employees; 70.1% have no employees and 14.0% have 1-2 employees¹⁴. We can therefore assume that among the self-employed people working from home there are a number of who work just for one client (buyer/employer) and could thus theoretically do their work as employees. We therefore believe that our respondents (mainly women) included a number of workers whose priority was not to carry on a business but to work from work and, at the employer's request, they adapted their employment position accordingly.

Summary

Work from home, offering workers above all increased flexibility, is becoming ever-more widespread in the Czech Republic. This

Table 6: Incidence of work in (un)social hours by place of work

	one place away from home		at least part of the week from home		various places away from home	
	N	%	N	%	N	%
during the day	3061	75.7	217	62.9	622	68.9
evening, night, early morning, weekends	111	2.7	17	4.9	18	2.0
working time changes at regular intervals	656	16.2	23	6.7	79	8.7
daily working time divided into two or more parts	83	2.1	27	7.8	23	2.5
work on call	18	0.4	12	3.5	34	3.8
irregular working time	117	2.9	49	14.2	127	14.1
total	4046	100.0	345	100.0	903	100.0

Source: GGS2005

Table 7: Average number of hours usually worked per week, including overtime, among employees and the self-employed working full-time, by place of work

place of work	self-employed				employees			
	N	average	95% reliability interval		N	average	95% reliability interval	
lower limit			upper limit	lower limit			upper limit	
one place away from home	182	51.36	49.52	53.21	3527	43.24	43.02	43.47
at least part of the week from home	172	51.78	49.58	53.99	110	44.83	43.13	46.53
various places away from home	233	50.79	49.18	52.39	597	47.9	47.16	48.64
total	587	51.26	50.19	52.32	4234	43.94	43.72	44.16

Source: GGS2005

way of working is found both among economically active people and among people whose life situation would make working at their employer's office too demanding or completely out of the question. This includes mothers on maternity leave and parents on parental leave, old-age pensioners, those on invalid pensions, and students. To the greatest degree, work done from home is found among the self-employed.

The GGS2005 data showed that work from home is done by both men and women to roughly the same extent, but women elect to work from home at a different phase of the life and professional cycle and probably for different reasons than men. Among men this way of working is made possible primarily by telecommunications technologies, it is common among highly qualified professions with university education and tends to occur towards the end of their professional career, i.e. at the age of 55 and over. In contrast, women make use of the benefits of the flexibility of this form of work equally in pre-retirement age and between the ages of 35 and 44, when many of them are caring for small children and work from home enables them to strike a better work/life balance. This is also principally a case of women with complete secondary education, whilst work from home done by women is more evenly distributed across professional categories than in the case of men.

Besides advantages, working from home also carries risks, which include a tendency to move working hours into unsocial hours and thus an increased number of hours worked by people based at home. The research data categorically confirmed this claim. It was shown that people working at least part of the week from home are more likely than other workers to work in the evenings, at night, early in the morning or on weekends, and their working time is characterised by greater irregularity. The data do not enable us to judge unequivocally the extent to which this is a matter of positively perceived flexibility in the organisation of working time, however. A number of international surveys have shown (Broughton, 2007) that the possibility of deciding autonomously about when to start and end working time is a major contribution to workers' satisfaction because it allows them to balance their working and private matters better, even at the cost of working in unsocial hours.

Overall, it is also fair to say that people working from home declare a greater number of hours worked per week on average than people who travel to work. In the GGS2005 research this difference was almost 5.5 hours among full-time workers. However, this difference is significantly determined by the fact that the dominant category among home-based workers is the self-employed, who generally work longer weeks than employers on average.

1 This study was done under the TP-5 project "Modern Society and Its Transformations" (registration

no. 1J 023/04-DP2), "Family, Partnership and Population Ageing: Generations and Gender (Generations and Gender Survey: prospective longitudinal study)".

2 The agreement sets out the following conditions: distance work should be a voluntary form with the right to return to the original working conditions at either the employee's request or the employer's. Employees should be entitled to equal treatment and comparable working conditions as enjoyed by employees working in "standard conditions". The employer is obliged to provide the employee with the technical resources and facilities necessary for performing the work. The employer should continue to be responsible for the worker's occupational health and safety. (Telework guidance: <http://www.dti.gov.uk/files/file27456.pdf>)

3 As the agreement was not implemented through a directive, it is certain that it will only cover a small proportion of employees.

4 In the Czech environment it is very difficult to document these trends with empirical data, as to a large extent these activities take place in the "informal sector".

5 Working Conditions survey, done in the year 2000 by RILSA and the STEM/MARK agency using the methodology and questionnaire of the European Foundation for the Improvement of Living and Working Conditions.

6 The international research entitled "Household, Work and Flexibility" was coordinated in the Czech Republic by the Institute of Sociology of the Academy of Sciences in 2001.

7 E.g. France, the Netherlands, Hungary, Belgium, Estonia, Bulgaria, Germany, Poland.

8 People on maternity or parental leave were questioned about the selected characteristics of their last job. So if these respondents mentioned the place of work this usually applied to their last job/gainful activity. That is because only 22 respondents collecting parental allowance also worked in the reference week, and 3 of them did so at least partly from home.

9 The research results thus contradict the unrealistically high proportions of employed people working from home in the Czech Republic as presented by the European Foundation for the Improvement of Living and Working Conditions in Dublin on the basis of EWCS2005. According to this research, 18.7% of employees and self-employed people in the Czech Republic should work at least a quarter of the time from home using information technologies. (http://eurofound.europa.eu/docs/ewco/4EWCS/ef0698/statistical_annex.pdf)

10 Where we speak in the text of significant differences between groups of respondents, this means statistically significant difference where $\alpha \leq 0.05$.

11 The methodology for ascertaining a "person in employment" in GGS2005 is similar to Labour Force Survey methodology: it was always an indication of paid employment in the reference week (Labour Force Survey: at least for 1 hour; GGS: in general). (http://www.czso.cz/csu/2006edicniplan.nsf/0/3115-06-za_rok_2005-ii__metodicke_vysvetlivky) People on maternity/parental leave (N=232) who had not necessarily performed paid work in the reference week were also included in the GGS calculations. These people gave the details of their last previous employment.

12 Only respondents living with a partner or, as the case may be, with a child under the age of 15, were included in the analysis.

13 The average number of hours worked is based on the respondents' subjective statements. In this survey, the method for ascertaining the number of usually worked hours per week is similar to the EUROSTAT methodology.

14 The proportion of self-employed people without employees working from home is significantly higher than the proportion of self-employed people without employees working at once place away from home. Just 47.5% of self-employed people without employees work at a single place away from home.

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Certain Aspects of Intragenerational Redistribution in the Basic Pension System

Štěpánka Pollnerová

An article by Jana Žižková (2007) in Fórum sociální politiky (Social Policy Forum) dealt with general questions of solidarity and equivalence in social systems. The author reflected on the outlook for this principle in a situation where the Czech social system has to undergo fundamental changes. Among other things, she mentions the excessive solidarity in the basic pension insurance system. Reform of this system should be founded on the partial replacement of the solidarity principle with the equivalence principle, i.e. a closer link between the level of benefits and the size of contributions paid in. Fulfilling the principles of equivalence and solidarity in pension systems is closely linked to the degree of distribution that is implemented in these systems. State pension systems are often based on the pay-as-you-go financing system, in which pension benefits are financed from the contributions paid in by economically active people in the same year and intergenerational solidarity and redistribution is applied. Also in this system, finances are usually redistributed (whether deliberately or not) between various groups belonging to the same generation. This paper takes a look at certain aspects of intragenerational redistribution in the basic pension system using model examples for old-age pensions.*

Two of the principal goals of the pension system are to protect against poverty in old age and to preserve a certain standard of living after the cessation of economic activity. Whereas the first of these goals presupposes solidarity and achieving it can be financed in other ways than through pension insurance contributions, the second is based on the equivalence principle and is usually tied to the payment of premiums. In this regard state pension systems may be set up in different ways. For example, protection against poverty may be provided through social protection benefits or uniform pension benefits financed out of general tax incomes of the state budget and the other components of the pension system may be purely equivalential. Conversely, in some countries the contribution system is set up to fulfil social functions as well (Schwarz, 2006). Defined-contribution systems, in which the size of pensions is calculated on the basis of the paid contributions that are maintained and invested in a personal pension account, are built on the equivalence principle. On the other hand, in defined-benefit systems the size of pensions derives from the earnings of insureds and depends on the length of the insurance period. In defined-benefit systems the link between benefits and paid insurance contributions is weakened by redistribution that is maximum in the case of a flat pension rate (OECD, 2007; Quieser, Whitehouse, 2006).

The basic Czech pension system is a defined-benefit system. It is a pay-as-you-go system, whereby the pension insurance contribution rate is currently fixed at 28% - invalidity and survivors' pensions are also provided out of the pension insurance contribution. The size of old-age pension derives from earnings attained by insureds before the pension is awarded, but the equivalence principle is restricted primarily by the means for defining the size of pensions, which to a significant extent

factors in the principle of solidarity between income groups. The pension has two components, a basic amount specified as a fixed amount (CZK 1700 in 2008) that is not determined by the amount of insurance contributions paid in and a percentage-based amount. The percentage-based amount is dependent on the accumulated duration of insurance period and is defined as a percentage rate (1.5% per year of insurance) of the calculation base. The calculation base is derived from the insured's personal assessment bases for the reference period. To put it simply, the annual assessment bases are the gross annual earnings achieved by the insured in the individual calendar years of the reference period, adjusted according to the development of average wages in the national economy. "Reduction limits" are applied when defining the calculation base, meaning that the personal assessment base is counted in full up to the first reduction limit, 30% is counted from the amount between the first and second reduction limit, and just 10% of the amount exceeding the second reduction limit. For 2008 the first reduction limit is CZK 10,000 and the second CZK 24,800¹.

The influence of the construction of pensions on the size of the old-age pensions of different income groups is shown in Table 1 using a breakdown of theoretical replacement rates. Replacement rates are most often expressed as the ratio between the newly awarded pension and the last earnings achieved before taking retirement and thus represent the decline in standard of living following retirement (e.g. see Indicators Sub-Group, 2006; Steuerle, Spiro, Carasso, 2000; Executive Team, 2005). Theoretical replacement rates are calculated for hypothetical cases of insureds with a given standard of earnings and given wage profile. Table 1 contains the calculations for a model example of an insured who throughout his working career

received an income from gainful activity amounting to 0.6-3 times the average wage, went into retirement as of 1.1.2008 upon reaching the legally defined retirement age and accumulated an insurance period of 40 years. In a defined-contribution system the theoretical replacement rates would be the same for all earnings levels in this case. In the basic Czech pension system, however, the ratio between the newly awarded pension and gross earnings falls sharply with growing earnings. The table shows clearly that this fall is mainly the upshot of the reduction limits. The influence of the uniform basic amount is less, accounting for a difference of just under 11 percentage points in the gross replacement ratios in the shown income groups.

When we take taxes into account, the differences between the replacement rates of people with lower and higher earnings grow, meaning that the progressivity of the basic pension system, which is one of the biggest among OECD country pension systems (OECD, 2007), increases further. Net replacement rates, measured as the ratio between net pension and net wage, give more relevant information when evaluating a change in the level of incomes following retirement than replacement rates based on gross quantities. As pensions are income tax exempted², net replacement rates are greater. We would arrive at somewhat lower values if we applied the rules for determining income tax applicable for 2008, as defined by Act No. 261/2007 Coll., on the stabilisation of public budgets, to wages for 2007 when calculating net replacement rates. That is because the introduction of a flat rate income tax rate and the size of tax discounts for this year would mean that net wages were higher.

The act on the stabilisation of public budgets brought another change that decreases the degree of redistribution in the basic pension system: the insurance contribution ceiling. This affects the highest

income groups as it is defined as four times the average wage³. The maximum size of the assessment base that can be included for the purposes of the size of pension after 2007 is also linked to this insurance contribution ceiling.

One pronounced social aspect of the basic pension insurance system is the broad range of non-contributory insurance periods. Entitlement to old-age pension in the basic pension system is established if the insuree has attained retirement age and acquired an insurance period of 25 years or, if the insuree does not satisfy these conditions, has reached 65 years of age and acquired a 15-year insurance period. The acquired insurance period is thus the basis for actual pension entitlement as well as the percentage-based pension amount. The "standard" insurance period is the duration of participation in pension insurance stemming from gainful activity provided that insurance contributions were paid for this period in the Czech Republic. A non-contributory insurance period is a period during which the person does not carry on gainful activity but which is counted, in the specified cases, as a period of participation in pension insurance. Insurance contributions are not paid for non-contributory insurance periods. Non-contributory insurance periods significantly influence the financial balance of the basic pension system (and thus also the size of contribution rates), as these periods account on average for over 20% of total insurance periods (Holub, 2004).

Lang (2007) divides the existing non-contributory insurance periods into two groups according to the reasons for the legitimacy of their inclusion. The following insurance periods fall into the first category of people carrying on non-gainful activity beneficial for society: systematic preparation for a future occupation at secondary, higher vocational school or university for a period of the first six years of such study after attaining 18 years of age; performance of military or civilian service; care for a child up to 4 years of age and care for someone dependent on the care of another person. The following come under the second category of non-contributory insurance periods of people who find themselves, through no fault of their own, in an adverse social situation: period registered as a job-seeker with a labour office during which they are entitled to unemployment support or support during re-training and additionally for at most three years during which they are not entitled to such support⁴; training of disabled people for employment or other gainful activity; collection of full invalid pension and collection of sickness insurance benefits.

Non-contributory insurance periods are assessed for the establishment of entitlement to old-age pension in the same way as insured periods, i.e. in full. However, for specifying the percentage-based amount non-contributory insurance periods are, with the exception of military service and caring for a child or dependent person,

counted only to the level of 80%. That means, for example, that for a person who studied at university for 5 years and acquired another 36 years of "standard" insurance period, the percentage-based old-age pension amount will be calculated for an insurance period of 40 years. The difference in the percentage-based amount when the study period is included and when it is excluded is 10% in this case: with an increasing insurance period the difference decreases. The size of the basic amount does not change.

If the period of time without incomes from gainful earning assessed as a non-contributory insurance period impinged on the reference period for defining the calculation base, the average of the insuree's earnings from which pension is calculated would be decreased. The size of pension would then be lower (Chart 1). When defining the size of pension, non-contributory insurance periods are therefore deemed to be excluded periods, which means that the number of days in the reference period that the total of annual assessment bases for the entire reference period is divided by is reduced by the number of days falling to the non-contributory insurance periods. The calculation base thus is not "watered down".

Under Act No. 155/1995 Coll., on pension insurance, in the basic pension system the reference period for fixing the personal assessment base is gradually increasing since 1996 from 10 to 30 calendar years before the year of pension award. The reference period for pensions awarded in 2008 is 1986-2007, i.e. 22 years.

At the same time, another redistribution effect displayed in defined-benefit pension systems is linked to the length of the reference period used to calculate average earnings. If the reference period is shorter than the entire working career, that means that the full period in which contributions are paid is not taken account, leading to redistribution of pension rights away from

individuals who attain higher earnings at the end of their working career (Schwarz, 2006). This is shown in Chart 2, which depicts the ratio between newly awarded old-age pension from basic pension insurance and average gross earnings achieved for an entire working career of 40 years and increasing according to the development of the average wage in the national economy for insurees with varying wage profiles. For all three types of insuree, this ratio would attain the same values in the case of a reference period covering their entire working career; if the reference period is shorter, however, it attains higher values for insurees whose wage grows more quickly. Extension of the reference period reduces the degree of redistribution.

The degree of redistribution between various groups of insurees in pension systems is also influenced by differences in the intensity of the mortality rate (see e.g. Bezděk, 2000; Schwarz, 2006). That is because an increasing pension collection period causes the "return" from the pension system to grow. In defined-benefit systems, the size of pension is usually not at all dependent on the life expectancy; in defined-contribution systems it is, but differences in life expectancies are not necessarily taken into account. For example, in defined-contribution systems the "average" life tables calculated for the population as a whole are often used when fixing the size of pension. Consequently, in defined-contribution systems set up in this way and in defined-benefit systems redistribution takes place in favour of women, who on average live longer than men. Moreover, for women the duration of the pension collection period may be prolonged because they go into retirement at a younger age. The lower retirement age is often linked to a shorter insurance period, though, which reduces the size of pensions. Another type of difference is differential mortality by socio-economic characteristics. According to the conclusions of certain

Table 1: Replacement rate for various levels of earnings, 2008

Replacement rate	Earnings, multiple of the average wage					
	0,6	0,75	1	1,5	2	3
Gross replacement rate	63.7 %	54.6 %	45.5 %	33.5 %	26.6 %	19.8 %
Basic amount (as % of earnings)	13.2 %	10.5 %	7.9 %	5.3 %	4.0 %	2.6 %
Percentage-based amount (as % of earnings)	50.5 %	44.1 %	37.6 %	28.2 %	22.6 %	17.2 %
- without reduction of earnings (as % of earnings)	60.1 %	60.1 %	60.1 %	60.1 %	60.1 %	60.1 %
- influence of reduction of earnings (as % of earnings)	- 9.5 %	-16.0 %	-22.5 %	-31.8 %	-37.4 %	-43.0 %
Net replacement rate a)	78.7 %	69.2 %	59.3 %	46.0 %	38.3 %	29.9 %
Net replacement rate b)	76.6 %	68.2 %	59.2 %	45.5 %	37.0 %	28.1 %

NB: Insuree with 40 years of insurance. Average wage = general assessment base (Section 17 (2) of Act No. 155/1995 Coll.) a) Wage 2007, using rules for calculation of income tax applicable in 2007. b) Wage 2007, using rules for calculation of income tax applicable for 2008.

Source: own calculation.

foreign studies, life expectancy increases with increasing incomes, so in fact the degree of intragenerational redistribution from higher income groups to lower is not as high in state pension systems, or these systems are even degressive (Creedy, Disney, 1993; Schwarz, 2004 and 2006; Walraet, Vincent, 2003)⁵.

According to the life tables for 2006, in the Czech Republic the difference in the life expectancy of men and women aged 60 is 3.9 years and at the age of 65 3.2 years (Czech Statistical Office, 2007). Differential mortality according to socio-economic groups is not regularly monitored, with the exception of data on mortality according to highest completed education, which life tables for these population groups make it possible to draw up in certain census years. The estimates calculated for 2001 (Zeman, 2003) indicate that life expectancy increases as the level of highest completed education rises, and does so more markedly for men than women. According to the mortality tables from 2001, at the age of 60 men with basic education have a life expectancy 5.5 years shorter than the average for men of the same age in the Czech Republic as a whole (17.4 years), whereas the life expectancy of men with university education was 5.2 years above the average. For 60-year-old women, at an average life expectancy of 21.4 years the difference between the life expectancy of university-educated women and those with elementary education is just 3.9 years. It should be mentioned, though, that the estimates of the differences in the life expectancy according to highest completed education are probably overvalued, as some distortions occur when the data is being gathered (Zeman, 2003).

One of the indicators used to assess redistribution in pension systems that takes into account both the amount of paid in contributions throughout the entire working career and the entire pension collection

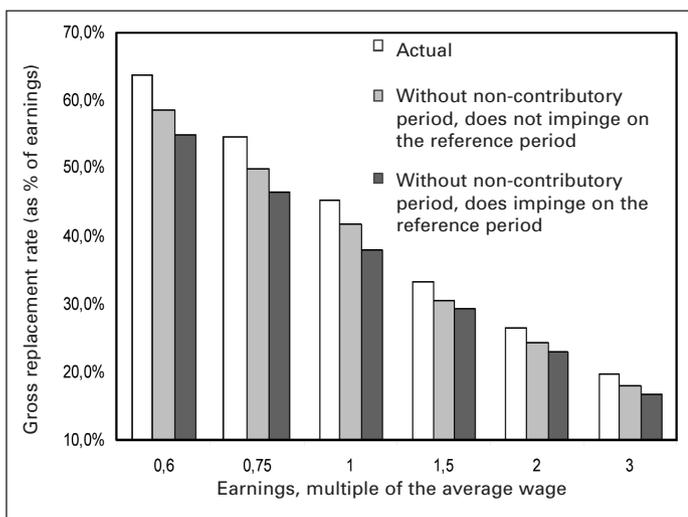
period is the internal rate of return (e.g. Schwarz, 2004 and 2006; Executive Team 2005; Walraet and Vincent, 2003). It is defined as the rate of return at which the current value of contributions paid is equal to the current value of the flow of pensions paid out for the remainder of life. In our model example of an insuree who attained 40 years of earnings at the level of the given multiple of the average wage in the economy before taking retirement we base our calculation of the internal rate of return on the current system parameters, i.e. an insurance contribution rate of 20% (which roughly corresponds to the level of the contribution rate for old-age pensions)⁶ and indexation of pensions to the minimum level defined by law, i.e. a level corresponding to 100% of price growth and one-third of real wages growth⁷. Chart 3 shows the level of the internal rates of return for various pension collection periods - 19 years (estimate of average pension collection period for men going into retirement in 2008 (Ministry of Labour and Social Affairs, 2006)), 14 years and 24 years. The internal rates of return thus calculated attains very high values, which is a consequence of the very fast wage growth in the 1990s as well as the current set-up of the system's parameters⁸. The chart shows clearly that although the rate of return in this model example increases with increasing length of the pension collection period, at a 10-year difference in the length of the pension collection period the internal rates of return of lower income groups (0.6 and 0.75 times the average wage) attain higher values than for income groups with earnings of twice the average wage and more. Even when there are considerable differences in the life expectancy, redistribution from higher to lower income groups is therefore preserved in this case. These differences in the values of the internal rate of return fall with an increasing contribution rate and

with lower indexation of pensions and vice versa.

In the above text, certain factors of redistribution in the basic pension insurance system were mentioned separately so that it is possible to illustrate individual aspects of the application of the solidarity and equivalence principles. The total degree of redistribution in the basic pension system naturally depends on a combination of the above factors; for example, for women this may be a combination of a longer life expectancy, lower earnings and a higher number of non-contributory insurance periods; for university-educated people it may be a combination of the non-contributory insurance period during the study period, higher or faster-growing earnings and longer life expectancy etc.

The changes in the implementation of the equivalence and solidarity principles leading towards a strengthening of equivalence in the basic pension system should ensue from the planned pension reform, which will be spread over three phases according to the government's programme declaration. The first step in this regard would be to introduce a pension contributions ceiling. In the first stage of pension reform, whose draft was approved by the government on 11.2.2008, the extent of periods for which contributions are not paid and which are assessed for the purposes of entitlement to pension and its size should be reduced, among other things. Time of study undertaken after the draft act takes effect will be excluded from the set of non-contributory insurance periods, as the assertion of solidarity is regarded in this case as insufficiently justified and is not particularly customary in other countries either (Ministry of Labour and Social Affairs, 2007). A period of study will continue to be judged as non-contributory insurance period for the purposes of assessing the entitlement to invalidity pension, however.

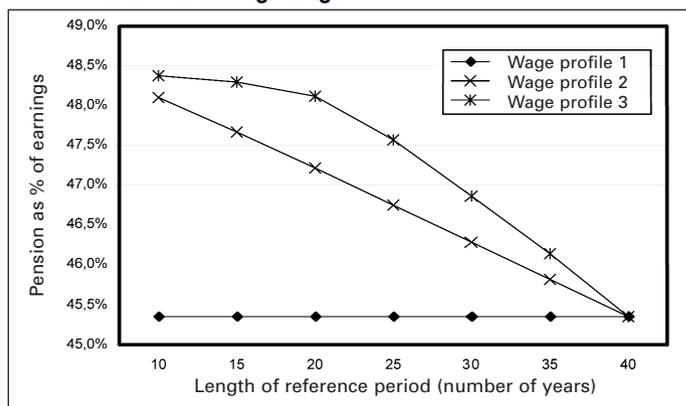
Chart 1: Gross replacement rate for non-contributory insurance period, 2008



NB: insuree with 36 years of "standard" insurance period and 5 years of non-contributory insurance period. Average wage = general assessment base (Section 17 (2) of Act No. 155/1995 Coll.

Source: own calculation.

Chart 2: Ratio of newly awarded pension to average gross earnings for entire working career, individual with earnings as a % of average wage

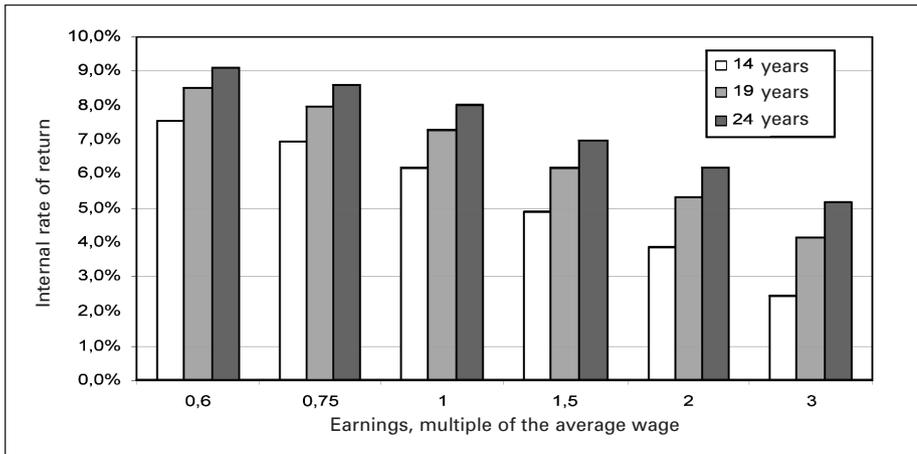


NB: insuree with 40 years of insurance. Average earnings for entire working career increased according to the development of average wage in the national economy, pension awarded in 2008.

Wage profile 1: earnings at the level of 100% of the average wage throughout the entire working career; Wage profile 2: linear earnings growth from 80% to 120% of the average wage; Wage profile 3: linear earnings growth from 66.6% to 120% of the average wage, last 10 years at 120% of the average wage.

Source: own calculation

Chart 3: Internal rate of return for various lengths of pension collection period, 2008



NB: Insuree with 40 years of insurance. Pension awarded in 2008, earnings in multiples of the average wage in the national economy before 2008.

Source: own calculation.

Another proposal is that the counting of non-contributory insurance periods for entitlement to old-age pension will be limited to 80%, but only of those non-contributory periods that are already reduced for the purposes of the size of pension. The amendment of the pension insurance act should also include measures designed to support gradual retirement and would mean an increase in the percentage-based amount of old-age pension for a period of gainful activity carried on after the entitlement to pension is established while simultaneously collecting half or all the pension (Ministry of Labour and Social Affairs, 2007). At present it stands that pension is not recalculated when gainful earning takes place concurrently with pension collection, even though contributions continued to be paid in.

Among other changes, the second stage of pension reform should bring the introduction of state payments for non-contributory insurance periods, which could make it possible to reduce the percentage-based contribution rate for pension insurance. The third stage of pension reform then envisages diversifying the sources of financing for pensions and the introduction of an opt-out system, whereby insurees would have the option of switching partly from the basic pension insurance system to a private savings pillar (Ministry of Labour and Social Affairs, 2007).

Above all, the government proposal for parametric changes includes measures necessary for strengthening the basic pension system's financial security and measures to boost older people's motivation to keep working. Some of these changes partly reduce the degree of solidarity in the obligatory pension system, whilst introducing a ceiling for contributions, especially if this ceiling is lowered in future, also opens the door to greater differentiation in pensions through supplemental systems of private pension insurance. The equivalence principle in the obligatory pension system could be

strengthened in the third stage of pension reform, if a defined-contributions pillar is introduced.

* An analysis of the intergenerational equity of the Czech pension system can be found in the Executive Team's Final Report (2005), for example.

- The size of the basic amount and reduction limits for defining the calculation base are fixed by the government by order. These parameters' relation to the average wage in individual years influences the size of replacement rates for individual income groups (see Ministry of Labour and Social Affairs, 2006).
- Regularly disbursed pensions are untaxed up to a certain level, at present CZK 198,000 per year.
- The act defines the maximum annual assessment base for payment of contributions as forty-eight times the average monthly wage, CZK 1,034,880 for 2008.
- The three-year period is ascertained retrospectively from the day on which entitlement to a pension is established.
- These conclusions only concern the old-pensions subsystem. The influence of differences in the intensity of mortality may be lesser if we consider the pension system as a whole. Socio-economic differences in health may mean that population groups with a shorter life expectancy may also have greater invalidity rates. Survivors' pensions would have to be similarly taken into account.
- In pay-as-you-go systems real internal rates of return attain high values among the first generations of pensioners, as financing a small number of pensions is not so costly. As the pension system grows, the financing of disbursed pensions becomes more costly, which leads to the kind of adjustments to the system parameters (e.g. raising premiums) that reduce the real internal rates of return for young generations of insurees (viz. e.g. data for the USA, Schwarz, 2006). Insurance premiums for pension insurance were only introduced in the Czech Republic in 1993, when the rate of pension insurance premiums (in total) was fixed at 27.2%. If the calculation of the internal rate of return in our model example was based on "insurance rates" that would annually cover expenditure on old-age pensions, the resultant values would be higher than the values in Chart 3, which works on the assumption of a 20% insurance rate.
- The expectations for price and pay developments are based on the Macroeconomic Forecast of the Ministry of Finance (2008) up to 2009 and on the simplifying assumption that price and pay growth will remain at 2009 levels in the subsequent years as well. Other macroeconomic scenarios change the

level of the internal rate of return but not the conclusions set out in the text.

8 This does not guarantee this system's long-term financial sustainability, though (Executive Team, 2006).

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Social and Economic Aspects of the Effectiveness of Social Services

Jan Mertl

Social services, their form and frequency of use in society are a phenomenon whose significance is beyond all doubt in the present day. This phenomenon attracts the attention of economists, doctors, sociologists, social workers, family members and a number of other actors encountering the objective need to care for their fellow citizens who - for various reasons and to varying degrees - cannot do so themselves. This article is based on the results of research work summarised in a study published by RILSA¹ and its aim is to draw attention to the social and economic aspects influencing the effectiveness of the social services. It also seeks to map the links between the various ostensibly discrete concepts that make up the mosaic of determinants of the social services' quality and accessibility.

The author is not seeking to provide an exhaustive or encyclopaedic overview of current theoretical knowledge. During the research the theoretical heuristics of these findings were filtered primarily in terms of their significance for analysis of the specifics of social care as a subgroup of the social services. The results of the theoretical analysis could also help understand the causes for a number of more general problems in the Czech social services sector. That applies to economic findings, where the article utilises a number of published economic analyses and models (most notably Bénard, 1990; Knapp, 1984; Mooney, 1992), but also to the socio-political view of the question of social services, where the article is based on the definition of social policy in the broader sense as activities designed to bring about the desired working of social systems (Krebs, 2005; Potůček, 2006; Průša, 2003).

The focus of the article's attention, i.e. the social services, will be scrutinised from the perspective of the national economy. This perspective encompasses the economic approach, i.e. the question of the costs of the social services and their effectiveness. Economic calculation and the properties of the social services upon exchange are key components of this approach. However, in the context of the national economy the social contexts of the question of the accessibility of social services in the population and the broader results of consumption of social services in the form of increased welfare, wellness and well-being are also important. That accords with the need for a positive perception of old and disabled citizens in society (Haškovcová, 2002).

The analysis is also founded on the idea that the accessibility and quality of the social services is important from the point of view of humanity and the dignity of life in modern society. Consumption of social services is not just a superior option, it is a general ethical imperative. At a time when there is pressure to reduce a number of areas of life to mere economics, this ethical and humane aspect of the provision and consumption of social services needs

to be strengthened substantially. Selective calculations of costs and returns must therefore be complemented by monitoring of the actual social situation of those who are dependent on the social services. That can be done in the form of proven subjective satisfaction with the state and standard of the provision of social services, combined with an objective assessment of these people's medical and social situation.

Social services typology

As the economic properties of the various types of social services differ, they first have to be sorted into categories in order to define in greater detail and narrow down the subject of analysis. Both social policy theory (Krebs, 2005) and the applicable legislation² divide the social services into:

- social counselling;
- social care services;
- social prevention services.

The article's principal focus is the second category of social services, summarily referred to as "social care services". The main reasons for our attention are:

- their relative costliness;
- the incidence of their use, resulting from the development and current state of society;
- their link to clients' health;
- the need for their consumption, which the client cannot particularly influence in most cases.

Consumption of social care services is often an upshot of a change in a person's health. A physically and mentally healthy person is self-sufficient³ and this self-sufficiency forms a fundamental element of his identity. This seemingly obvious fact is not heard that often in present-day discussions on the social services and consumption of social services is treated as a necessary fact and a given. In this context we should emphasise that this dependency is one of the few dependencies in the realm of social policy that is primarily one-way, i.e. deterioration of health implies consumption of social services. For that reason the improvement or deterioration in

a person's health has a direct influence on the incidence and character of the social services he will use. Insufficient performance of social services may also inconvenience a client and aggravate his illness. In this regard the causal links to the basic illness should be respected and in the first place all the available treatment options for the given diagnosis should be used on the lege artis principle to prevent the substitution of insufficient healthcare with social care. In this group we also include social care necessitated by a client's old age, which is not itself an illness but naturally leads to a decline in mental and physical powers and faculties. Overall, this is therefore primarily a question of social care services⁴ (e.g. relief services, personal assistance, homes, carers service, day centres).

Those social services that are not associated with a change in health or old age are in the minority in terms of their total cost and their frequency of use. These are activities caused by a breakdown in a person's functioning in society, a kind of "social breakdown", ideally intended to prevent a repetition or deterioration of the situation (prevention). For objective and subjective reasons, such a person cannot fulfil his role in the family, employment and society, or possibly fails as a personality per se. Although the first necessity in this case is to diagnose and eliminate changes in health, because undetected mental and physical illness lie behind a number of pathological social situations (Vargová, 2007), consumption of social services is often necessary even among otherwise healthy individuals with pathological social behaviour (here we mean phenomena like prostitution, drug addiction, crime). This is primarily a question of preventive social services⁵ (e.g. early care, asylum homes, dormitories, low-threshold centres etc.). The law itself ranks these social services in the category of preventive services designed to prevent their clients' social exclusion. Economically significant here is the aspect of both the positive and negative externalities stemming from these people's existence and behaviour in

society, which generates many "side-effects" that then have to be addressed through social policy. The side-effects of alcoholism, which do not feature in the producer/consumer transaction but generate substantial costs associated with tackling this phenomenon in society, may be one example.

Economic characteristics of the social services

Outlining the economic characteristics of social services is a controversial subject, because the economic literature, as we will show, contains a number of different views and approaches to this classification. What is more, the social services are considerably heterogeneous and even narrowing them down to social care services in line with this article's focus does not make the analysed good sufficiently homogeneous. Even so, it is very useful at least to try to classify the social services according to the most usual features and analyse their economic characteristics.

Classification of social services according to economic and institutional criteria

In a market economy, the social services are an economic (precious) good with a non-zero production price. They can be classified in terms of the economic criterion at consumption (Samuelson, 1954). As they do not satisfy the characteristics of pure public goods (non-excludability from consumption, non-reducibility), they can be economically classified among "mixed" public goods, provided they are provided in the defined quality. One typical phenomenon with mixed public goods is the "overload effect", which occurs when growth in the number of users of the mixed collective good is accompanied from a particular moment by a change in the quality of the good. This also happens in social services (one example may be care in homes for seniors, where growth in the number of clients may mean a fall in quality for each of them). Some forms of social service provision of can also be classified among private goods, most notably individualised transactions offered

by private profit-making providers and "tailor-made" for individual clients who pay for them with their own money.

It is a methodologically useful exercise to classify goods in terms of the institutional criterion, as Bénard did when he classified them from the point of view of their financing as non-market, impure market and market (Bénard, 1990).

This classification makes it possible to differentiate the character of a good in terms of financing (allocation), whereby a good is understood by Bénard as market if there is a market price resulting from the interaction of supply and demand in a competitive market and private financing; in the opposite case it is non-market.

In practice, individual social services can be ranked in all three categories in terms of the institutional criterion, but it depends on the given country's specific conditions. The services of public-owned and publicly funded old people's homes may be an example of a non-market good. Here there is no market negotiation and the state fixes the price on the basis of a costs calculation. One example of an impure market service may be a carer service, whose funding in the Czech Republic is tied to a contribution towards the care. Here the client demands a social service and a non-state entity supplies it - there is some form of negotiation here, but its price and also accessibility are influenced by the state (through institutional regulation or specific subsidising). Lastly, social services provided outside the state-regulated and supported system of social services, i.e. on a purely private basis, may be an example of market services.

In this context one should mention the basic classification of expenditure on social services - private expenditure (based on an individual's decision) and public expenditure (based on public choice). It is obvious that the two types of expenditure display radically different characteristics. Seeing that imprecise definitions of these two concepts are commonplace, even repeatedly cropping up in specialist texts (e.g. funds paid through public health insurance are treated as the capital of public health insurance companies and some citizens even regard them as "their money"), we consider it necessary to define these terms at least in rough outlines.

Private expenditure is dependent on the individual responsibility and the indivi-

dual's approach to his social situation. Without doubt, though, it is also dependent on the individual's disposable means, i.e. the limitations of his budget. From the individual point of view, one property of private spending on social services is that at the time of consumption of a social service the individual typically is not generating the means to finance it. Indirect financing mechanisms, such as the finances of other entities (e.g. the financing of social services in the context of solidarity within the family) or the spreading of financing over time, are therefore used to resolve these situations. Old-age or invalidity pension is currently used as a source of financing in the sense of the spreading of financing over time in the Czech Republic. Spreading financing over time is thus not used specifically in respect of the social services - the concept of care insurance (Pflegeversicherung) in Germany is one example.

At the same time, private expenditure presupposes a specific person who is able to decide, continually, regularly and rationally, on the basis of his own rational economic deliberation. The methodological anchoring of private investments (expenditure) in the individual's decision-making is so strong that it serves as the foundation for the entire economic allocation and its mechanisms of effectiveness based on individual preferences.

Private expenditure enables individual to decide autonomously, but - and this needs to be stressed - only within the limitations of his budget. The rationally acting individual has to respect this limitation even when there is a justified need for social services. That is one of the reasons for the existence public expenditure.

In social policy, public expenditure is part of the concept of the welfare state (Beveridge, 1942) and is based on the principles and procedures of public economics. The fundamental question in connection with public expenditure is whether the state itself provides the social services or whether it guarantees the accessibility of social services for the population through the allocation of public funds conditional on the legislative rules for the use of such funds. In the concept of public spending social services are, in model terms, provided free of charge at the point of service.

Public expenditure primarily requires the existence of a policy of social services that will reflect society's priorities on the basis of the democratic process and civil society. According to public funding concepts, the individual/citizen should, instead of making his own rational decisions, opt to engage and participate in these policies so that they faithfully reflect social preferences, whose character at any given time is defined and determined by democratic consensus. Social institutions and the policymaking process (Potůček, 2006) are

Table 1: General classification of goods in terms of the institutional criterion

Category of goods	Institutional criteria	
	Existence of market negotiation and market prices	Discriminatory state intervention
Market goods	yes	no
Impure market goods	yes	yes
Non-market goods	no	yes

Source: Bénard (1990)

thus equally crucial to the performance of public expenditure as the determination of the individual's priorities is for private expenditure - with the understanding that public spending accents a non-discriminatory approach to policymaking allowing every citizen to participate.

Public spending on social services is differentiated according to the specific system of financing. Typically, however, they are tied to the magnitude of public budgets, which is expressed as a ratio to gross domestic product. We may regard this budgetary restriction as a limit that has to be respected at a pan-societal level, because not even volume of public funds is unlimited. That may be a risk, because savings drives can reduce this expenditure below an adequate level; theoretically, however, sufficient funds also may be spent without any link to their effective use.

Both forms of expenditure and the means of financing (private, public) have advantages and disadvantages. It is clear that an inclination to one or the other type of financing is also a question of political and ideological preferences, but there are also economic analysis approaches that objectivise the different financing mechanisms in connection with the method and mechanism by which funds are spent. The resulting variant is thus typically a tree of the priorities we hold when designing the system and our preferences as regards the target state.

It is obvious that casting doubt on one or the other type of expenditure is an easy business if we focus on the disadvantages that are rooted in them. Whenever private financing runs up against social exclusion of low-income population groups or market failure or when public financing does not respect individuals' priorities we can say that one or the other type is bad. And the problem is, understandably, that although both approaches may be justified to some degree, their implementation is fundamentally differentiated as far as the specific instruments used are concerned. The declared goals of the social services tend to be the same whether they are privately or publicly funded, but the proposed instruments are incompatible or compatible only with difficulty.

One fundamental difference between private and public expenditure is the mechanism for defining the quality of the financed service. The allocation of private funds is conditional on both participating parties' willingness to effect the transaction. That is why its character and quality is determined by the intersection of supply and demand. There is no general standard whose criteria should be satisfied by the transaction. Although that makes possible high-quality services provided that the demanding party demands it and the supplier is willing and able to supply such a service, it also makes possible a poor

quality of services if, for example, both parties accept it at the price of low cost. In the consumption of social services that may come into conflict the professional standards. For that reason there are typically statutory terms prescribing the minimum attributes of such transactions. By contrast, public expenditure is capable of specifying and financing a certain public minimum standard. Its quality is thus determined by the public interest.

The division of expenditure into public and private does not mean that the two should be separate in practice. Of course they should be separate in accounting and substantive terms. It should be clear what is covered by public funds and to what standard, what the citizen co-finances privately and what standard applies for those who decide not to contribute private funding. But it is becoming increasingly evident that the goal can only be reached by a combination of the two types of financing. The following section will look at the implications this has for the Czech social services system.

Microeconomic properties of social services

From the microeconomic point of view, social services are a complement to the consumption of healthcare. That means that their consumption is tied up with healthcare consumption, though the extent of this link varies. It is wrong for social services to become a substitute for healthcare. Of course, that is also possible in practice, but it is testament to non lege artis treatment, or possibly an insufficient volume of funds allocated to healthcare.

Unlike healthcare, social services are not so strongly associated with the concept of externalities. Although broader positive effects of the social services can, of course, be traced, especially as regards social prevention, the benefit of the most frequent and most costly types of social services is genuinely confined to a specific client. A number of positive externalities are associated with social prevention services (and negative externalities with their absence), but these are not the principal focus of this article.

A social service is also denoted, as Arrow (1972) and Akerlof (1970) analyse, as an experience good. We therefore only learn the actual character of this kind of good at the moment of consumption. Social care is built on trust - whether in the form of the client's trust in his social worker or, for example, in confidence in the quality and effect of a given procedure and schedule of social services. Whenever this confidence is disrupted, the rationality of social care, and de facto the rationality of demand for it, are also undermined - if a client changes his social worker or social services provider, it is often because he "lost confidence" in

them. Social workers or carers thus do not just supply a determination of expert procedure, the care itself, a good word or specialist examination. They also supply a confidence that they will see to everything necessary for the client demanding the social service (see below for the relationship between demand and need), that, for example, they will not deny him more intensive or less attractive services if his condition deteriorates.

Another specific feature of social services is that they have an integral effect on the demanding party. With services other than social care, any problems can be resolved using the standard instruments of human society (complaints, replacement etc.). This kind of thing is usually ruled out with social care and, moreover, it is hard to compensate for physical and mental harm caused by poor-quality or inappropriate application of social services.

In addition, social services are not a good a person would elect to consume; quite the reverse, their consumption is usually a necessity. They also differ significantly from other goods people are dependent on, such as food or housing. That is mainly because although people also have to consume food and housing, that applies to everyone and their entire lifetime, albeit of varying quality; whereas social services are always consumed by just a relatively narrow (heterogeneous) social group, and this consumption is moreover usually confined to a particular stretch of life. The set of people constituting demand is thus disproportionately narrower and the degree of dependency on a particular social service is greater; there is usually no substitute or merely undesirable alternatives. What is more, the cost of such services is relatively high relative to clients' disposable income.

A health problem and loss of self-sufficiency often reduce the individual's purchasing power, indirectly via his activities on the labour market if his work income is key to this purchasing power. Although we will reckon with the demanding party having some savings, so the immediate purchasing power of his demand need not be influenced, the effect of expected loss of income linked to potential illness and loss of self-sufficiency cannot be ignored. A paradox arises whereby the realisation of demand for a social service that is associated with costs also limits the possibility of acquiring additional funds. The demanding party is thus not restricted solely by his budgetary limitations, as in the standard case, but this budgetary limitation also change dynamically with the intensity of consumption of social services if the client's earning ability is also reduced⁶.

Another problem with the social services, though to a lesser extent than in healthcare, for example, is information

asymmetry. Social workers or social services providers undoubtedly have the upper hand when it comes to information. Cream-skimming, i.e. preferring healthier and more solvent clients, may also occur, though again to lesser extent than in healthcare.

Another difficulty is that the market itself ignores a number of unattractive or less "media-friendly" types of social service or allocates insufficient resources to them. The living conditions of Paralympic sportspeople may receive considerable media attention, but the situation is much worse for seniors in a home.

To sum up, from the point of view of market allocation the social services display a number of market failings [for more details on market failings see e.g. Arrow (1963) and Musgrave (1989)]. In practice there is a therefore an endeavour to compensate for these phenomena, whether through public financing, providers' codes of ethics, social transfers, the non-profit principle and other tools. The problem of market failure in the field of social services can be compensated for relatively effectively by these tools and through provider plurality.

Need for social services and demand for social services

Microeconomic analysis works with the concept of demand - i.e. also demand for social services. The concept of demand alone, however, is not sufficient when analysing social services, similarly as with healthcare. Besides demand for social services manifested in the form of truly effective demand in the economic sense of the word, there is also the question of need for social services. It is stated increasingly often that social services should be consumer need driven.

It is apparent that the need for social services is from the economist's point of view initially a somewhat amorphous concept with a theoretically infinite frequency. One can even say that demographic changes and the decline in informal social services are giving rise to an ever-increasing number of people who could potentially display this need. Similarly, it is unrealistic to provide social services on the principle of actively seeking out all needs - this concept could quickly founder on the real social capacity of carer services and other activities.

On the other hand, though, it is clear that a number of people who do not demand social services evidently need them and their consumption could improve these people's standard of living, and possibly also their health if their health is negatively influenced by insufficient social care. Working with the concept of need for social services and placing this concept alongside demand for social services is therefore

undoubtedly a useful exercise. Let us now stick with this concept, based on the modified health of an individual and his related social situation.

Above all, a social service is objectively needed and its need is verifiable in this concept. If a particular illness arises, there are procedures based on the current state of medical knowledge that are tried-and-tested at a particular time and place as procedures leading to effective treatment. The method of treating a specific illness, i.e. the indicated healthcare and social care, may change over time and with advancements in medical knowledge. At any particular time it is possible to specify what medical and social care should correspond to the illness, including any specific variation in a particular client. We should observe that we are in no way limiting who will perform the given social service, and the possibility of informal provision of such services is retained. That too may be a reaction to this need.

The diagram in Figure 1 depicts the relationships between need and demand for social services. It was originally devised by Mooney (1992) for healthcare, but with minor adjustments it can also be used for social care. It shows that need is not a homogeneous concept.

The diagram is based on the client's internal want for being self-sufficient or possibly in the consumption of assistance services in the broadest sense of the word that will compensate for those areas in which he is not self-sufficient or is rendered non-self-sufficient by his state of health. This want may be expressed in the form of demand, momentarily abstracted from his budgetary limitations. Need is thus fulfilled by the intersection of the expressed want and its realisation in practice. Or the client may feel this want but does not express for a wide variety of reasons (embarrassment, depression, institutional and organisational obstacles) - so he does not express

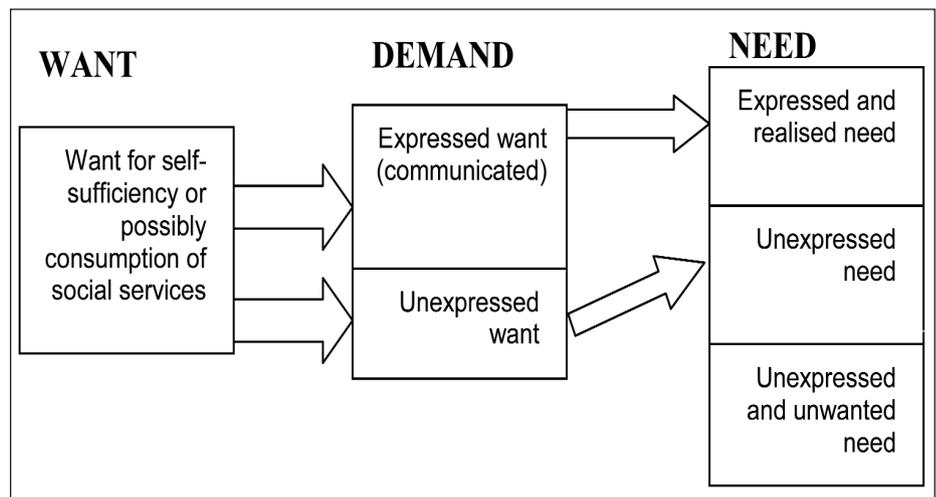
demand. This need is thus unvoiced even though it is felt by the client. The last possibility is (subjectively) unexpressed and unwanted need that arises regardless of want or manifested demand, most notably as a result of a doctor's or social worker's objective assessment of the client's social situation. That does not mean that a particular social service will be forced on the client, rather that the client's needs have been identified if he is not yet sufficiently aware of his social situation or if his physical or mental state prevent him from appropriately perceiving and appraising his social situation.

Links between healthcare and social care

In social policy, a number of links are circular in nature. This makes it complicated to influence overall developments and also individuals' social situations in the desired manner, because it is often analytically unclear what is cause and what is effect. The upshot of such deliberations is often the statement that the links in question are circular, and the concept of vicious circles is used in this context.

In the case of social services, and especially social care services, this concept needs to be elaborated in greater detail because, as we have already mentioned, the primary cause of a need to consume social services is a change in a person's health. The concept of circular links thus does not have to be applied to extremes, which is very significant and advantageous from the point of view of analysis of the effectiveness of their provision and makes it possible better to define the causes and effects of what is often a complicated state of affairs, where a person consumes a number of medical and social services and nobody, often not even the person himself unfortunately, knows where the cause of the dissatis-

Figure 1: Want and need for social services and demand for social services



Source: Mooney, 1992, modified for social services

factory state, and maybe also the high costs associated with this state, lies. It also significantly influences the character of demand for and supply of social services.

The primary change in a person's health usually occurs in a situation where the person does not need any social care and utilising social care is forced on him or psychologically unwanted. This primary impulse also usually strikes the person in complete health; it makes his health deteriorate and influences his self-sufficiency. It is followed by a treatment process, during which a need for social care may arise. The outcome of this process is either a full recovery or at least a restoration of full self-sufficiency, or partial or complete non-self-sufficiency, i.e. invalidity and the need to use social care, because medicine is no longer able to alter or improve the patient's health at the given time and place. This is shown in detail by the diagram in Figure 2, which depicts changes in individual states during treatment on the parallel planes of the medical and social area.

This diagram reveals a one-way causality in the case of a primary illness (from full health) that has two possible outcomes: full recovery from the illness or the onset of a chronic state, or possibly the stabilisation of health combined with a disability (e.g. following injury).

The circularity of links de facto does not apply to this one-way causality - attention therefore needs to be paid to the *lege artis* treatment of the basic illness. Any possible need for consumption of social care

typically tends to be temporary and, moreover, usually specific to the nature of the basic illness. Taken to its extreme consequences, we could count informal care by family members as social care - family members tend to be able to take over the ill person's duties for a short period, especially if there are good prospects of a full recovery and thus also a hope that this assumption of duties will be merely temporary. One important point here is the person's adaptability, i.e. how capable he is after a relatively short period of illness to adapt to worsened living conditions, perhaps, or to the restrictions that his diagnosis entails, with the prospect that this discomfort will in time lead to his recovery. A number of ordinary illnesses are obviously associated with a relatively substantial degree of infirmity or incapacity for work and loss of self-sufficiency, but to some extent these states are addressed during hospitalisation, for example, when patients are given suitable care by the medical personnel. In this regard one can say, therefore, that the treatment of a number of illnesses encompasses an element of social care, but mechanisms making it possible to compensate for this need are developed within both the family and the healthcare system for this standard course of illness leading to a full recovery. One future risk in this area may be that pressure is exerted for improvements in the "efficiency" of healthcare, which may take the form of an attempt to eliminate these essentially organic elements of treatment (certain aspects of care by nurses, hospi-

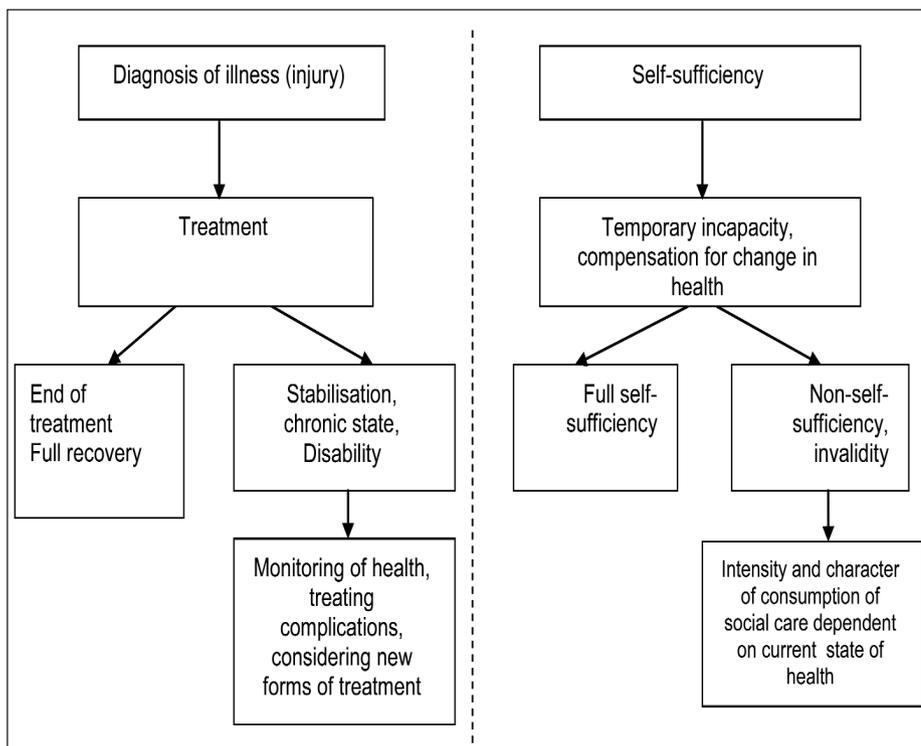
talisation after certain medical operations) from healthcare funding on economic grounds, even though this may be contrary to medical personnel's opinions and practical procedures.

However, the circularity of links becomes more pronounced if a full recovery is not achieved and the person has a permanent deterioration in health. Then, if it leads to a loss of self-sufficiency a need arises for permanent consumption of social care. The family's willingness and ability to provide social services decreases for both objective and subjective reasons, and the need arises for "relief services". Another risk is that the person has undergone treatment in an original (usually specialised) medical facility - the conclusion is reached that full recovery was not achieved and the patient is placed in "subsequent care", either in an institution or at home. Long-term effects of the change in health may also make themselves felt - these may be mental (depression, demotivation) or physical (decubity, atrophy, malnutrition). And this kind of state does have the potential to influence the patient's health - it gives rise to a circularity of links, whereby the primary change in health resulting in a chronic state, combined with insufficient social care, causes a further deterioration in the person's health and possibly complications ensuing from this deterioration. These complications then need to be addressed by medical intervention, whose outcome is again either that the problem is resolved or merely diagnosed and stabilised, which subsequently implies further consumption of social care, and we have come full circle. In this regard, the quality of healthcare is a very significant determinant of the health of patients with these kinds of illness.

The outlined model throws up several fundamental conclusions regarding the effectiveness of the social services in connection with medical care.

First, substantial attention must be paid to the treatment of the basic illness in the first phase of the model. The perception of the original medical and social situation as "flawless" - i.e. a state the patients wants to return to and the doctor strives to restore through treatment - is of inestimable value from the point of view of both the patient and the doctor. This initial state may of course be differentiated depending on the patient's age, for example, but also depending to his current situation in life. In the case of an injury, this initial state will be different in an active sportsman than in an old-age pensioner, but both may be satisfied after the injury - the sportsman because he can do his sport again, the pensioner because he can do his own shopping again. Social care consumed during treatment tends to be highly effective as it is supported by both the patient's and doctor's motivation to achieve a recovery.

Figure 2: Changes in a person's state on the medical and social planes as the result of the treatment process



Source: author's own diagram

Second, if the treatment process is unsuccessful, a social care regime that at least does not demonstrably lead to a deterioration in health has to be introduced. That may seem a very unambitious goal, but the problem is that in many cases even that does not occur. Another question is whether, when some change in the state of health is diagnosed, this diagnosis should be followed up by an attempt to determine whether this deterioration of health was caused by insufficient social care. That may be a highly controversial matter (it may disrupt the relations between the employees responsible for the two kinds of care), but it can help enhance the intensity and quality of social care in medically justified cases.

Third, subsequent social care should be accompanied by regular consideration of the person's health in the light of medical advances and modern treatment methods, even when an improvement in health is not possible according to current medical capabilities. Here we do not mean "activist" medicine, consisting in the application of all possible treatments. These procedures are often needlessly stressful for patients and the benefit the treatment can bring should be weighed up. On the other hand, objective appraisal and re-appraisal of a condition often does not occur, especially with chronically ill and older patients; unchanged doses of the same medicines are repeatedly indicated, polypragmatis and other negative phenomena occur.

In this regard it should be kept in mind that social care's principle role is compensatory and, however much it may be indispensable in this role, it possesses palliative and activational potential but not the ability to improve health - that falls to medical care. Another important point is that it is not just the client's subjective feelings and difficulties that should be

assessed: an objective judgement should also be made as to whether he can be self-sufficient and active in the light of his health. The result of this assessment will help the social care provider to define what can be asked of the client and what cannot.

To conclude the analysis of the links between medical and social care we will stress that the two types of care are of course interlinked in practice. That is why we often speak of the provision of medical-cum-social care. From the analytical point of view, however, it is useful to untangle the links between them, because that makes it possible to improve both components and to eliminate any potential negative interaction caused by the failure of one of them.

Ways of financing and providing social services

From the economic point of view, social services providers can be classified into four categories and can also draw on various sources of financing. That is shown in Table 2.

The table reveals a number of links to the analysis of the economic nature of the social services as such. Let us now focus on those links that are the most relevant from the point of view of economic analysis.

First, there is the interaction between public providers and public funds, which functions on the principle of hierarchic structures. That paves the way for motivational and monitoring strategies based on an organisational/command mechanism, but these have one fundamental drawback, especially as regards individuals' decision-making: they do not function autonomously, particularly with regard to economic rationality. It therefore

cannot be assumed that people will follow these strategies of their own volition or that they will behave according to these strategies if some existential pressure is placed on them. These strategies presuppose two basic links - to a knowledge of the logic and mechanisms of the system's working and to the participating entities' value systems and motivational preferences.

In the case of the organisational/command mechanism, effectiveness is thus achieved by defining and subsequently monitoring goals and rules. An external entity is necessary to define these rules and subsequently monitor whether the practical exercise of a particular activity genuinely corresponds to them. It is also a good idea to define certain indicators that can be used to monitor, perhaps indirectly, the quality and costliness of the performed activities. As the character of services is not primarily determined by an individual's demand, accessibility and quality standards have to be defined.

However, economic theory and experiences with centrally planned economies reveal these approaches' general limitations. For that reason, principles of cooperation, plurality, competition and quasi-competition in the public sector are being increasingly asserted in contemporary public economics; in certain cases, these principles can provide effectiveness better than directive allocation and central planning. The distribution of funds to non-profit entities is also the subject of analysis. Optimisation thus becomes a question primarily of the effective use of a defined quantity of public funds. Preserving public funding for certain goods and services and simultaneously improving the effectiveness of allocations in the public sector with the help of the latest findings of public economics is part of the subtext of these allocation schemes. One outcome is that the allocation of public funds in the first row of the table is shifted towards other providers that will be able to use them more effectively than the state and its organisations.

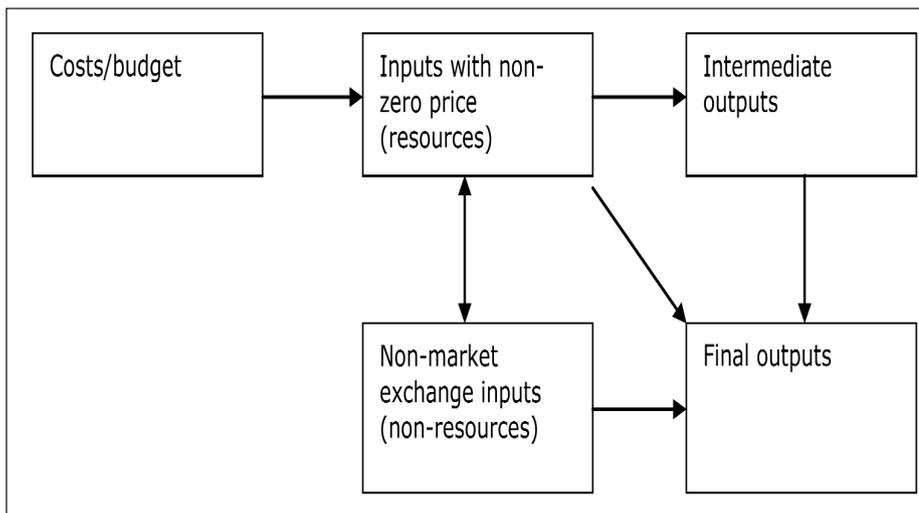
Second, there is market exchange, i.e. the interaction of private funds between the supply and demand sides. In the market mechanism, it is competition that controls whether a certain entity is behaving rationally in economic terms. In other words, the activity of one entity acts as a control as to whether another entity is ineffective in its activity. In this context microeconomic theory provides a detailed apparatus for analysing benefit, price fixing and rational use of production factors and also describes various deformations in the competition environment cause this mechanism of the indirect control of the rationality of allocation to fail (e.g. monopolies, various oligopolies etc.). The price system works as an information system for participating entities (Hayek, 1945).

Table 2: Relationships between the financing and provision of social services

Financing method/ /Provider	Public	Volunteer	Private	Informal
Tax - public funds	Hierarchic structures, internal quasi-market	Services bought by the state - external quasi-market		Subsidies/ support to carers
Voluntary solidarity		Charitable support to volunteer	Payment of care for clients	
Employers		Support for volunteer organisations		Support for people caring for relatives
Private	Payments for public services	Payments for the services of volunteers	Market exchange	
Individual non-cash help	Voluntary work in the public sector	Volunteers taking part in care		Help from the family, friends, neighbours

Source: Wistow, 2005, translated, modified

Figure 3: Model of the production of welfare in the social services field



Source: Knapp, 1984

What is more, this type of motivation is capable of overcoming, for example, racial (Becker, 1957) or social (Arrow, 1998) prejudice, which is a highly useful property in the social services. It is thus possible - besides ethical motivation stemming from humanism and altruism - to substantiate motivation for the regular provision of social services based on contractual freedom and individual decision-making.

Analysis of goods in the field of social services has already led to the deduction that each of the said types of interaction has its disadvantages. For that reason, we find in practice a broad range of combinations of social services financing and providers, especially if legislation has put in place an level playing-field for their providers. These can be classified into the boxes of the above table.

We have already shown that the economic and social specifics of the social services mean that providing them on a market basis, i.e. as the outcome of the intersection of market supply and demand, is only one of the alternatives. The typology of social services financing and providers therefore implies the plural nature of this sector.

It is clear, though, that both private for-profit providers and public "hierarchical" providers of social services may suffer from "typical disadvantages", meaning that they do not cover all needs in the field of social services, and do not do so because of the economic characteristics of the way they function. That is one of the reasons for the establishment and existence of the so-called third (civic, non-profit) sector (Zimmer & Prillner, 2004), which seeks to fulfil the goals of "social economics". Its aim is to address social problems and achieve social goals by ensuring that a wider range of actors, including non-profit organisations, play an active role. Definitions of social economics in the relevant literature vary, mainly as regards which organisations are included

in it and which are not. The provision of social services indubitably ranks among the goals of social economics, however.

Model of the production of welfare in the social services field

On a general level it is important to analyse the mechanisms leading to the production of welfare as a particular way of satisfying a specific individual in the field of services. This kind of analysis is particularly important because the process of producing certain services - and this also applies to the social services - is a relatively complex phenomenon. Seen from outside, a certain social service may appear as a mere non-reproductive reaction to a given individual's lack of self-sufficiency; upon closer analysis, however, we acquire a production-type model where the activity or social service is the output of a relatively sophisticated process. This is shown from the economic point of view by the diagram in Figure 3, which can be applied generally to services provided to the population, i.e. including social services.

This model (Knapp, 1984) reveals the function and character of the production mechanism. It is based on a division of inputs into resources and non-resources. Resources are inputs with a non-zero price (e.g. employees' pay, investments). The costs of these inputs are expressed in financial values, possibly cumulatively in the given organisation's budget. Non-resources are inputs that have an influence on the attainment of results but do not have a market price or are not tradable on the market at the given time. The standard of community in the place where social services are provided, public attitudes to the disabled, or the quality of medical documentation may serve as examples. Intermediate outputs are the services

themselves; in the case of social services this is in the form of their quantifiable volume at a given minimum quality. They are the direct production output of the use of the inputs at the given cost. Final outputs are achieved through these intermediate outputs - in the social services field, a final output is an improvement in self-sufficiency or compensation for a client's adverse state of health, for example.

This model's principal implications for the effectiveness of the social services are the impossibility of analysing their effectiveness solely on the principle of direct enumerable costs and easily measured results in the form of intermediate outputs. Although this concept probably comes closest to the narrow principle of cost-effectiveness, or efficiency as Knapp and Kendal (2000) understand it, it does not cover the non-resources and final outputs parts of the model. Viewed this way and based on this theoretical model, which has existed in the international literature for over 25 years, the effectiveness of the social services is revealed to be a broader concept that also incorporates final outputs in the form of improvements in the social situation of the needy and inputs that cannot at the time in question be bought on the market, as they are the result of the long-term cultivation and shaping of the socio-economic environment.

In the light of these facts, it is necessary to consider the following circumstances accompanying an assessment of the effectiveness of the social services, summarised by Wistow (2005) as follows:

- a change in a client's quality of life or welfare may be the result of long-term developments;
 - effective social care may be manifested solely as the slowing down of a negative trend, which is hard to compare in comparative studies;
 - evaluation of effectiveness in social care is partially subjective because it is dependent on clients' self-assessment, and their capacity to make such self-assessment may be diminished by the nature of an illness.
- Consequently, social services cannot be understood merely as a production entity of a certain volume of such services. The production process is just one of the components of the social services. The others are: (Wistow, 2005)
- the coordinating/integrating process, which involves other actors besides the provider and client in the social services process;
 - the political process, which, in conditions of limited resources, presupposes public choice, establishes public debate at all levels of public administration and also comprises the need for controversial decisions in conditions of limited resources (budgets);
 - the learning process, which follows both from the need to cope with a relatively

large amount of knowledge and from the need to learn from one's own mistakes or the implementation of existing social services projects.

Factoring these additional processes into the concept of the social services and calibrating the mechanisms for financing them is a necessary condition for achieving final outputs and not "merely" the measurable production of intermediate outputs. In the ideal scenario, welfare in the social services field is not only represented by the adequate production of the necessary volume of services but also by the integration of the community and other local actors; and as part of "public agenda setting" (Kingdon, 2003) questions related to the social services are raised and resolved through democratic decision-making in parallel with other social priorities. And lastly, the individual actors are able to learn from their previous activities, without this teaching being seen primarily negatively as "learning from mistakes" or being sanctioned even.

Conclusion

Analysis and synthesis of the concepts and approaches related to the social services confirms the complexity of this phenomenon. What is often perceived in social practice in relatively simple terms as necessary care for someone is a very common phenomenon in present-day society, and demographic developments and the family situation will make consumption of social services continue to increase. Another risk is that social care clients will be squeezed out of society and their original environment regardless of their actual possibilities and abilities, especially because of the question of housing or the other priorities in life of other family members. These tendencies undoubtedly merit further scrutiny; in the context of this article's findings, we can only stress again the constant need for the most objective possible assessment of a person's actual social and health situation regardless of external considerations or prejudices that often influence the perception of such a person in society.

We have focused on social care as a subgroup of the social services affecting mainly old and disabled citizens. Classifying social services in terms of economic and institutional criteria make it possible to categorise the individual types of a heterogeneous portfolio of social services more effectively for the purposes of economic analysis. From the microeconomic perspective, social services display a whole series of specifics which, in some cases, are the same as those of healthcare. This reveals the economic position of social services clients and the risks of reducing the understanding of the social services system to a model of rational individuals on the demand side of

the social services market. The concept of need for social services should be added to the concept of demand. One significant aspect of the system's effectiveness is the presence of trust in the relationship between client and social services provider.

Analysis of the links between healthcare and social care showed that a change in health associated with consumption of healthcare may induce the parallel consumption of social care. This one-way link becomes circular if the illness becomes chronic or leaves permanent consequences. Then medical-cum-social care comes into play, whereby the quality of each component is important in its own right and healthcare and social care are complementary and not substitutes for one another.

From the economic point of view, social services providers may be divided into four categories and may draw on various sources of financing. The specific properties of the providers and sources of financing then gives rise to a spectrum of options that can be utilised in practice. Various types of links exist between these actors and financial flows, and these links can be viewed as manifestations of different motivation strategies. If, however, we use a particular social services provision and financing method in practice, its principles and economic characteristics become binding for the given social services segment, and these characteristics must be respected as regards effectiveness.

Focusing on quantitative outputs on the level of access and, above all, payment mechanisms leads to a fall in quality. That is one reason why the outputs of the social services production process in the form of a quantifiable volume of services at a given minimum quality are merely intermediate outputs - the final output is an improvement in clients' social situation leading to the development of a community and the entire social services sector. The production of welfare in the social services field is thus a significantly broader phenomenon than a mere calculation of the number and volume of social services for a given period.

- 1 Mertl, J. *Přístupy k hodnocení efektivnosti sociálních služeb v národním hospodářství (Approaches to Assessing the Effectiveness of Social Services in the National Economy)*. Prague: RILSA, 2007.
- 2 Act No. 108/2006 Coll., on social services, Section 32.
- 3 That does not mean that he would not need or appreciate help from others, but he is able to take care of himself if necessary.
- 4 Defined in Sections 39-52 of Act No. 108/2006 Coll., on social services.
- 5 Defined in Sections 54-70 of Act No. 108/2006 Coll., on social services.
- 6 It is obvious that there are also illnesses that do not restrict people's economic activity. However,

apprehending the described duality of decision-making is fundamental.

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Motivations for Employers to Take on Immigrants¹

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The article looks at the issue of the employment of foreigners in the Czech Republic and draws on data gained from a questionnaire-based survey and semi-structured interviews with representatives of organisations that lawfully employ immigrants in the Czech Republic. We focus mainly on employers' motivations to take on foreign labour. The text is divided into two parts. The first deals with the hiring of manual workers, the second with the filling of non-manual jobs. We arrive at the finding that for a large part of employers hiring foreigners is a response to the lack of Czech labour, but there are certain specifics that differentiate the two groups.

From the point of view of international migration, since 1989 the Czech Republic has gradually changed from a sending and transit country into a receiving country. Currently there is an unprecedented number of foreigners in the Czech Republic; according to the Czech Statistical Office, there were almost four hundred thousand foreign nationals living in the Czech Republic in 2007 and more than three quarters of these are employed or carrying on a business. Immigrants are therefore exerting an ever-greater influence on the labour market, and this paper primarily seeks to contribute to the debate about whether there are specific motivations for employers to take on foreigners, what these motivations are and whether they are differentiated by the types of jobs offered. Our text is based on Edna Bonacich's and Michael Piore's theories of the split labour market and we apply the research data to ascertain which of these theories might be plausible in the Czech context.

The presented conclusions are the partial results of the first part of a project entitled "Migrants in the Czech Republic – position on the labour market and social integration". The project aims to identify problems in the working and social integration of immigrants, to understand the links between the two processes, to analyse the role of institutions and the effectiveness of public policies on immigrants, and to formulate certain public policy recommendations. The paper is founded on an analysis of data gained from a questionnaire-based survey and semi-structured interviews with representatives of companies that lawfully employ immigrants in the Czech Republic. The questionnaire examined the interest in taking on foreign labour (employers' motivations, in-demand professions, preferred nationalities, forecast of the development of demand for foreign labour), the approach taken towards foreign employees (personnel strategy) and the quality of the work (characteristics of the quality of jobs filled by foreigners). During pilot research and after the collection of data the survey was complemented by interviews that sought to scrutinise selected topics in greater detail. Our paper is therefore based on a combination of the results of the questionnaire-based survey and semi-structured interviews, with employers'

motivations to take on foreign workers as the selected topic.

Methodology

In the first phase, the representative questionnaire-based survey collected replies from 840 entities². 68% of these were purely Czech-owned organisations, 33% included foreign-owned capital. 4% of the entities were based in the primary sector of the national economy (primary production, exploitation of nature: agriculture, forestry and water management, extraction); 36% of the surveyed firms came under the secondary sector (processing, construction); 45% came from the tertiary sector (services); and 14% from the quaternary sector (state administration, healthcare, science and research).

15 entities took part in the qualitative part of the research. Two of these were transnational firms working in information technologies and employing qualified specialists. We also interviewed seven Czech and one foreign entrepreneur who employ foreign workers in manual jobs. Another three were science and research institutions; one of them was a healthcare organisation; and another one a financial institution – in all, foreigners worked in jobs requiring professional expertise. The last entity was a transnational industrial company where foreigners were employed in positions of experts.

The questionnaire classified foreign workers into four categories in terms of their job type: manual workers; administrative and technical/ economic staff; workers with professional expertise; managers and senior staff. For the purposes of interpreting the results we decided that we would work with just two categories and that we would focus on the filling of manual and non-manual jobs. The group of non-manual workers is thus an amalgamation of the last three mentioned categories. There are good reasons for this division. Firstly, it turned out that a number of the respondents' answers differed according to whether they applied to manual or non-manual jobs. Secondly, labour migration has traditionally been studied in relation to low-skilled or unskilled occupations because immigrants fill this type of jobs very commonly (Münz, 2007; OECD, 2005), if not most commonly, as in the case of the

Czech Republic (Horáková, 2007; Czech Statistical Office, 2007)³. Attention has only turned to qualified migrants in connection with the acceleration of globalisation and with phenomena such as relocations of transnational companies, "brain drains", and the growth of fields requiring highly skilled experts (Kofman, 2000; Koser, Salt, 1997), i.e. at a time when this phenomenon became "more visible" – both in statistics and in expert and public debates, which began to notice the increased international movement of this type of workers.

Manual jobs – segmented labour market or competition?

In terms of the standard classification of occupations ("KZAM"), foreigners in the Czech Republic most commonly fill skilled manual positions (craft workers, qualified manufacturers, repair workers) and unskilled manual positions (ancillary and unskilled workers). Both groups are roughly the same size and together they account for just under 60% of employed foreigners. They are followed in third place by manual workers operating machinery and equipment. All three categories of manual workers account for 72% of all foreigners working in the Czech Republic as registered by the labour offices (Czech Statistical Office, 2007). The filling of jobs in the economy is differentiated by immigrants' countries of origin. If workers from the old EU member states primarily hold more prestigious positions (e.g. management posts, scientific occupations), workers from less economically developed third countries are concentrated in less prestigious jobs and constitute the biggest group in unskilled jobs. Immigrants from new EU states occupy a position halfway between these two relatively clear-cut groups (ibid.).

One significant topic in the context of labour migration is the competition that immigrants represent for the domestic workforce and the resulting risk of unemployment for the native population. According to Edna Bonacich's influential theory (1972, Bonacich in Waldinger, 2000), competition is the basis for explaining the processes by which foreigners are forced into disadvantageous or less sought-after jobs and also for interpreting ethnic

conflicts. The displacement of immigrants from better occupations into worse jobs is mainly in the interest of those employees who fear a reduction in pay. By contrast, it suits owners that immigrants are more willing to do worse-paid, unprestigious work. An influx of immigrants thus causes the labour market to split along ethnic and national lines. According to Bonacich, the inequalities of an ethnically split market are evident in the fact that there are two pay standards for the same work, or there would be if the same work was done by people belonging to the majority and by representatives of the ethnic minority. Immigrants' greater willingness to accept worse working – and social – status is based on several circumstances. Immigrants usually come from economically weaker countries and therefore have different pay demands than the domestic population. The context they judge incomes by is, at least initially, different because of the different standards of living. The often temporary nature of their migration is a related factor, whether the temporary nature of their stay is real or merely originally planned and then abandoned. They find it easier to come to terms with the low prestige of their jobs because they do not judge their position in terms of their current status in a society they are temporarily residing in.

The theory of the segmentation of the market into a primary and secondary labour market propounded by Piore (1997) derives from similar suppositions. Unlike Bonacich, however, Piore holds the opinion that there is no competition between immigrants and native workers, because the two segments are relatively discrete. Whereas Bonacich assumes that the market does not split until immigrants arrive, Piore assumes that the market is segmented even before their arrival and that the ethnicisation of certain jobs is a secondary outcome. Bonacich supposes that the splitting of the market is the result of employees' defending themselves against competition from cheaper labour, whereas Piore accents employers' interests and the logic of capitalist economic reproduction. Some of the jobs are the kind that requires unskilled or low-skilled labour that is flexible and will accept inconstant jobs. It therefore pays for employers to invest mainly in their qualified core staff and take on fluctuating workers to carry out some of the work. According to Bonacich, the splitting of the market is to a large extent the consequence of non-market factors, such as the conflict of interests between immigrant and native workers, whereas Piore emphasis both areas – employers' requirements in a market economy and socio-cultural and political factors.

Employers' statements offer a key to judge the two conclusions. If they take on immigrants primarily to keep down wage costs (and for flexibility), then immigrants are real competition for domestic labour. But if those who decide on hiring take on immigrants because of a lack of domestic workers, then immigrants are no competition

for domestic labour because they operate in a specific segment of the labour market.

The following quote from an interview is a good representative of employers' responses to the direct question, why they employ foreigners.

"You can't get Czechs. You just can't get them. I've been registered with the labour office for a year now. For a year I've been asking for employees. Nobody ever comes, and when they do, they don't want to work...All they want is a stamp...Foreigners appreciate having work."

(bistro owner, Mr A)

This statement is in line with the economic conditions in the Czech Republic. As of 31.8.2007 the number of vacancies was 133,407, which is the highest figure since 1991 when this statistic started being monitored. The biggest problem with the shortage of workers at present is found in fields requiring manual workers. For example, in June 2007 there was a shortage of 18,448 metalworkers, 14,411 ancillary labourers, 13,606 building labourers and miners and 12,656 assembly workers (Němeček, 2007). These are merely guideline figures as many vacancies go unreported.

"There aren't many vacancies at the labour offices because the law does not cover cases when I don't report a vacancy. Why should I? The labour office is a useless function for me. Except when I want to employ foreigners basically. Then it's important. But if I don't want to employ foreigners, the labour office is the worst possible supplier of labour for me. That's why there are so few vacancies reported at the labour offices."

(owner of an industrial enterprise, Mr Ch)

Czech employers, especially those that offer the least appealing jobs, perceive the labour offices' clients as "stamp-seekers" who turn up at firms so that their status as job-seekers is confirmed.

"Unfortunately, of those seven or so people who came to have a look around here, about sixty or seventy percent of them actually just came for the stamp. The rest were either totally unusable, or how to put it, the kind that at first sight doesn't inspire any confidence that we could let them work unsupervised somewhere, or said straight out that they had something completely different in mind and simply had to come because they'd been sent by the labour office and if they didn't they would probably be in danger of some punishment or losing their benefits."

(owner of an agricultural firm, Mr V)

Some employers therefore do not at all view foreigners as competitors of unemployed Czechs but as a way to resolve problems associated with a shortage of candidates for the work offered. Does that

mean that Piore was closer to the truth? Other statistical indicators would support that. According to the Czech Statistical Office, the average rate of unemployment in 2007 was 5.3%, lowest level since the end of 1997 when a period of very low unemployment basically came to an end⁴. By contrast, as unemployment has fallen, the number of foreigners in work has increased every year since 2002, last year reaching a quarter of a million even. The economy is therefore capable of absorbing far more labour than is currently available from local sources.

These arguments suggest that foreigners are not in competition with the domestic population. On the other hand, some employers draw attention to problems that they do not have to deal with when employing flexible foreign labour.

"...one factor here is that they're away from their families. That means that a guy who's away from his family has time to work. After all, once he's here...if I'm abroad and I'm there to earn money, nothing else, otherwise I wouldn't have gone there, then I try to earn that money. That means that I work as much as I physically can. Whereas a Czech, if I employ a Czech, then he turns up at seven, or maybe at eight, if he doesn't feel like it he won't turn up at all, and that's the entire problem basically."

(owner of a construction firm, Mr Z)

Employers therefore take into account foreigners' willingness to work "all out" and their willingness to accommodate requests to work over and above the standard working time, which constitutes direct competition for Czech employees. Similarly, the level of accepted pay is also factored into decisions about taking on foreigners.

"It's a huge problem for us, because the hotel is not out-an-out a restaurant facility, so there aren't special events and such here, so there's not so much work here, and consequently their pay is average, and because unemployment benefit is relatively high here, everyone prefers to be unemployed and work on the side. And when I want to employ some officially, he says he wants...For example, I offer ten, so he says he wants thirteen. So that's the problem, and if I don't make profit, then I can't; the restaurant is always making a loss, so that's why I have that problem. So I have to limit my opening hours, that's anti-productive, but you've got to work on the basis that you can't make a loss, so that's why."

(owner of a hotel facility, Mr S)

The quote reveals that the employer derives the level of pay from the context of his own business and foreigners' willingness to accept lower pay is their "secondary" competitive advantage. He rejected Czechs because their notions of fair pay were incompatible. Immigrants were therefore not an alternative in terms of the

possibility of reducing the offered pay but in terms of their willingness to accept his idea of adequate pay.

We asked in the questionnaire whether employers define wage levels with regard to the envisaged pay levels in the countries foreigners come from. Just 5% of respondents declared this strategy; the vast majority claimed not to. Bonacich's assumption that there are different wage standards differentiated according to ethnicity and nationality was therefore not confirmed. At the same time, the questionnaire respondents stated that one of the most important motives for taking on foreigners was Czech workers' unwillingness to work for the amount of pay offered (58%). This was closely correlated to a question asking whether employers view foreigners as people willing to accept lower wages, which was confirmed by the same percentage of respondents. That seems to corroborate Piore's theory: foreigners fill those jobs there is not much demand for because of lower pay. And because employers claim that the pay they offer does not depend on whether the workers are foreign or Czech, low wages are not a consequence of immigration but rather reflect the nature of the occupation and employers' requirements. It is debatable, though, whether wages are fixed without regard to the phenomenon of migration. One should ask whether foreigners *partially* compete with Czech employees. Even though they probably do not reduce the level of pay offered, do they not have an influence on employers' willingness to negotiate with Czechs about pay increases? It is not clear what strategy employers would actually choose if no foreigners applied for their vacancies. That is merely speculation, however. Piore claims that even in that case there could be no increase of *real* incomes. Increased pay in the secondary sector would put pressure on wages in better-situated occupations as well. And wage differentiation would again be renewed via the inflationary spiral.

Can the data therefore be seen as confirmation of the theory that immigrants do not represent direct competition for domestic workers? That would be borne out by the finding that the lack of Czech labour was the respondents' most important motive for employing foreigners, as shown in Table 1.

The time flexibility of foreign workers came next⁵. Czech employers appreciate foreigners' willingness to work overtime or work non-standard hours. Motives associated with pay conditions were down in fourth place. In the light of the averaged figures pay levels would therefore appear to be a secondary problem for employers.

The lack of Czech employees was a central theme in the interviews as well, and employers substantiated their strategy of hiring foreigners with this problem. Other topics were then linked to the lack of workers.

Table 1: Reasons for employing foreign labour in manual jobs (%)

Lack of suitable domestic workers	75
Foreigners are more willing to work overtime to employer's requirements	62
Foreigners are more willing to work non-standard hours (Saturday, Sunday)	61
Foreigners are more willing to work for lower wages	58
Domestic workers are not willing to work for the wage levels offered	58
Greater willingness to do various types of work	55
Foreigners are more willing to do shift work	53
Foreigners are personally interested in working in your organisation	48
Foreigners work harder	40
Foreigners are less ambitious as regards working conditions	39
More active approach to performing work duties	37
Possibility of employing foreigners short-term	34
Specific expertise/qualification of foreign workers	24

Source: the authors

"The reason at the time was that there just wasn't anyone on our market who'd be willing to start work and simply do the work, see?... That means that they (authors' note: foreigners) at the time were willing to start work and weren't worried whether they had, I don't know, the right to a half-hour break after four hours' work. They had a job to do, so they went flat out for fourteen days and the main thing was that they weren't tied down by any family life, they were single young lads who had no free-time activities, and the problem was that at two o'clock the Czechs were only thinking about making it to the football game at four."

(co-owner of craft-related firm, Mr R)

The questionnaire-based survey also shows clearly that the topics of wage flexibility and the shortage of workers overlap. Almost 40% of respondents stated that the shortage of Czech candidates, foreigners' flexibility, and the pay levels offered were the decisive factors when hiring foreigners⁶. The employers' motivations seem to endorse Piore's theory, but it turns out that some of the jobs are filled with regard to the benefits associated with foreigners' wages and flexibility, which are contrasted with those of Czech employees. That means that the idea of separate, non-competing markets can be regarded rather as an analytical, ideal type. What is more, some employers – we reiterate that this was in fact a small group, however – declared that they adjust wages depending on whether they are taking on immigrants from economically weaker countries, as Edna Bonacich supposes. Both authors overlook employers' "employee pressure" resulting from the fact that firms and organisations operate in a specific locality. The number of workers that can be recruited depends on the number of potential workers living in a given place, which is delimited by the transport network and, above all, how customary it is to travel to work. This aspect should be taken into account, especially in the Czech Republic, which is characterised by a low willingness among the population to relocate for work purposes (Horváth, 2006). In the current

period of economic growth and falling unemployment it is therefore a reasonable assumption that the shortage of labour is not solely a consequence of the nature of the jobs.

Jan Rath (Rath, 2000; Rath, 2001; Rath and Kloosterman, 2000) points out that the legal framework, which is also a fundamental determinant of immigrants' options, is often overlooked in considerations about their economic strategies. In the Czech Republic, the segmentation of the labour market does not take place solely on the basis of the interaction of supply and demand – it is also influenced by policies regulating migration and work by foreigners. The current rules directly support the establishment of non-competing labour market as Piore defines them. People from countries outside the EU/EEC and Switzerland need a work permit, which is only issued for jobs that Czech citizens cannot be found for in the long term⁷.

The last argument correcting Bonacich's and Piore's theories is the existence of economies of the immigrants themselves, whose business activities create new job opportunities and an internal labour market intended for members of their own group (Light, 2005; Light and Gold, 2000; Waldinger *et al.*, 2006). The most obvious example in the Czech Republic is the Vietnamese community, whose business activities have created new jobs in their firms for further immigrants and some of these jobs are offered to Czech workers as well.

Non-manual jobs

The number of migrant qualified workers has been rising from the point of view of the overall international movement of people. "Research of the labour market of OECD member countries has shown that in most of these countries there has been systematic growth in the proportion of the workforce accounted for by foreigners and immigrants, which is a trend that has not been affected by the recent economic downturn." (SOPEMI, 2004:4). In most OECD countries, a shortage of highly

qualified immigrants is expected in the near future as these countries' economies become increasingly knowledge-based and their manual jobs will be shifted abroad (SOPEMI, 2007: 60). The significance of this kind of migration will thus probably continue to grow.

In the countries of the old EU-15, foreigners – compared to the domestic population – are over-represented in unskilled professions and also in professions requiring university education (Münz, 2007). The same trend applies in the Czech Republic. Whilst 7% of those employed in the national economy have basic education, of the total number of registered foreigners the figure is several times higher, a full quarter. This difference is not so dramatic in the case of university-educated employees, but it is still clear: 14% versus 22% (Horáková, 2007). These statistics show the types of jobs where there is proportionally the biggest shortage of domestic candidates.

Skilled experts with university education are just one part of the broader group of non-manual qualified workers, however. We have generally identified non-manual workers as those who have occupations requiring complete secondary school or university education and whose work can be described as intellectual, requiring a specific expertise. For the ten most numerous immigrant groups it applies that non-manual workers account for roughly 22% of foreigners registered with the labour markets (Czech Statistical Office, 2007)⁹.

Employers' motivations to hire non-manual workers are somewhat – but not entirely – different from those who hire manual labour force. For example, the question of wages and flexibility plays a marginal role here. The primary reason for hiring foreign workers is a specific expertise and qualification, which is very closely linked to the motive of a shortage of suitable candidates. This link was clear both in the questionnaire and in the interviews.

"If I could find a qualified post-doc or worker..., then I'd probably not try to find a research worker from somewhere like India, it's a lot simpler to employ a Czech worker...If I had to choose between a Czech qualified worker at post-doctorate level, say, and a foreign post-doc, then I'd choose the Czech one."

(head of a research centre, Mr A)

Academic institutions are a specific environment where knowledge of the local language is not decisive. On the other hand, there are some jobs where this knowledge is essential.

"It's simple demand for employees; again, our two criteria are Czech, which is essential, and professional proficiency, that means that our aim is to choose the best, and if it's a Czech or a Slovak or a Pole, that's irrelevant, our motivation is to find the worker with the best professional proficiency who is currently available on

the job market. The most important aspect for us is their qualifications, the person's professional proficiency..."

(human resources worker in a state institution, Mrs B)

Besides academic workplaces, firms engaged in the global economy also create an environment that is not dependent on use of the local language. As Koser and Salt (1997) mention, the movements of qualified experts are increasingly linked to globalisation. According to the questionnaire findings, manual workers are more often employed by private organisations, without foreign ownership, organisations that are not part of transnational companies and operate at a local or regional level. By contrast, in our sample immigrants were employed in non-manual jobs mainly by public sector organisations or non-state non-profit organisations, organisations with a foreign majority owner, organisations that are part of transnational companies, and organisations operating internationally.

The hiring of foreigners in large transnational firms or foreign-owned firms displays several features. The first relates to the strategy of sending part of the management from abroad, which is more a question of personnel policy than the problem of a shortage of suitable candidates.

"Two gentlemen, they are sent here from our parent company or our owner, one is a specialist financial manager, the other is more a person who is in charge of the operative management of the company and development of the company."

(manager of an international financial company, Mr K)

The second factor, which is common to the recruiting of foreigners for both manual and non-manual work, can be called a breaking-point in the growth of demand for specific labour in a given locality in consequence of the arrival of large international organisations.

"Our situation is fairly clear. The jobs we're trying to fill are relatively specific, we want these people to have pretty extensive knowledge and the Czech market is not so big, on the other hand. So if it's someone from abroad and he has the same experience and skills, then there's basically no reason why not to employ him."

(human resources worker in a transnational company, Mrs L)

What is more, these big firms reckon with a shortage of local workers and have developed an appropriate recruitment strategy and an ideology that is open and liberal.

"It's a kind of culture and policy of the firm, that we want to be an open firm everywhere in the world, and its fairly common that our colleagues work abroad for a shorter or longer stretch of time; in fact,

our firm runs internal advertisements for jobs that are free all over the world, anyone from anywhere can apply, so we try to make it just one firm, you know...one world."

(human resources worker in a transnational company, Mrs L)

Whether the human resources staff personally agrees with the rhetoric or not is secondary in this case, because they must adapt to it, at least outwardly, if they want to succeed in the firm.

"The firm has some values...It's the corporate culture, it's even in the recruitment slogan I use on the internet, it's not just with regard to race, sex or disability, but also with regard to nationality..."

(human resources worker in a transnational company, Mrs L)

The idea of equal opportunities is not only mentioned by companies operating internationally, though.

"It generally does not only apply to our sphere, the research sphere, but this openness has to apply for all and in recruiting the preferences are meant to be based mainly on skills and abilities."

(head of a research centre, Mr A)

Whereas in the case of manual workers employers primarily stress the shortage of domestic workers, which is based on the lack of interest from or unsuitability of candidates, in the case of highly qualified employees employers also apply the rhetoric of equal opportunities. The fact that openness and equal opportunities are not mentioned in the context of unskilled and low-skilled employees may point to the cultural background of our respondents, but probably also reflects a perception of the hierarchic structure of ideas about who is a welcomed foreigner in the Czech Republic.

This "undercurrent" of motivations has some (though so far weak) support in public policies. According to Robyn Iredale (2001), international movements of qualified workers are influenced primarily by the requirements of the local labour markets in question. Employers who demand these movements also support the tools of state policies. These work on the assumption that qualified labour is more beneficial for the domestic economy and that these immigrants also integrate better (Liebig, 2007; Baršová and Barša, 2000). A managed immigration programme called Legal Migration, Open Chance – Active Selection of Qualified Foreign Workers operates in the Czech Republic – its five-year pilot phase ends this year (2008).

The problem of underemployment and "brain waste", whereby skilled experts went abroad and accepted work that did not correspond to their qualifications (Iredale, 2001; Kofman, 2000; Koser, Salt, 1997), began to be discussed in the 1990s – mainly in connection with the break-up of the socialist bloc. This phenomenon can also be

discussed in the Czech context. According to data from the labour offices' records (see Horáková, 2007), 15% of the highest qualified, i.e. university-educated, foreigners work in jobs that do not require this qualification. And the equivalent proportion is even higher among those with secondary school education: 38%. The question is whether the Czech Republic will, after the pilot phase, develop a well-devised system of accepting qualified immigrants, like Australia has for example. But the identified goal of attracting qualified workers to the Czech Republic is conceptually at odds with the existing problem of "brain waste", which has not received sufficient attention yet.

Conclusion

Both Czech and foreign employers on the Czech labour market encounter a shortage of labour and have to address this problem in respect of both manual and non-manual workers. Despite this common feature, there was considerable differentiation in their answers to questions concerning the motivation to hire foreign workers. Whereas employees' time flexibility and willingness to accept a generally lower level of offered wages is important for filling manual vacancies, the important factor for non-manual positions is the required qualifications. In the case of skilled and high-skilled occupations the problem is not a lack of interest among workers; the problem is that "you can't get Czechs" – i.e. there is a lack of people with the necessary education or qualifications. In the debate about competition between domestic workers (unemployed people) and immigrants we are therefore inclined to conclude that foreigners do not represent direct competition for domestic workers. Even so, one should take into consideration indirect competition, whereby the social fact of immigration is factored into the strategies of employers who can thus reckon with a specific category of labour. One negative phenomenon that has not received enough attention to date is the problem of the underemployment of a substantial proportion of working immigrants. On the one hand the Czech Republic seeks to attract qualified workers, but on the other it does not make sufficient use of the qualifications of immigrants already living in the country.

Comment to the up-to-date situation on the labour market:

This text was originally composed at the beginning of 2008. However, in the course of compiling this text, the global financial crisis broke out, which appreciably affected the Czech labour market already in the first term. It has been estimated that the growth of unemployment is going to proceed and even now the impact on employment and demand for foreign labour force is apparent. These workers - in particular when not being core employees of firms - are the first to be

dismissed. We do not want to estimate how long this situation is going to progress henceforth.

- 1 We would like to thank our colleagues Miroslava Rakoczyova, Robert Trbola and Pavel Kofron from the Brno branch of the Research Institute for Labour and Social Affairs, who took part in the research with us and made the data they had gathered available to us for analysis. The paper came about with the support of the Ministry of Education, Youth and Sports – research project "Migrants in the Czech Republic – Standing on the Labour Market and Social Integration" (NVP2MIGR) "Social Reproduction and Integration" (MSM002 1622408).
- 2 Only 840 completed questionnaires were available at the time when this paper was being drawn up. Subsequently, additional questionnaires were collected, making a total of 1002. The sample is representative of the population of entities that are registered with the labour offices as employers of foreign workers.
- 3 One exception is Australia, which has based its immigration policy on a preference for (highly) qualified immigrants, who thus form a large proportion of the total number of immigrants (Liebig, 2007).
- 4 Ivo Mozny (1994) presented some interesting remarks in *Sociology Magazine* about the era of full employment in the mid-1990s.
- 5 Time flexibility applies to employees' willingness to work more than or outside usual working hours. For an analysis of types of flexibility see e.g. Goudswaard and de Nanteuil (2000).
- 6 9% of respondents did not choose any of these alternatives.
- 7 Various illegal or quasi-legal practices of employers are another consequence of the combination of a shortage of employees and these regulations. The employers – besides trying to save on taxes – try to fill jobs contrary to these domestic market protection policies that complicate the hiring of foreigners from third countries (see also Hofírek and Nekorjak, 2007, Nekorjak, 2006).
- 8 We worked on the basis of data structured according to KZAM (Classification of Employment) categories and amalgamated the following four groups: legislators, senior officials and managers; scientific and expert intellectual workers; technicians, healthcare and educational workers; clerks.

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Summaries of Reviewed Articles Published in 2007 and 2008

1/2007

Approaches to Transformation and Social Reform in the Czech Republic

The article stresses the need of a broader and longer-term approach to social policy which involves attention to the building of an integrative and stable social structure which contributes to higher economic performance and lower social costs. The core of such structure is expanding middle class, largely self-sustaining in the long run. Czech social system is largely redistributive against and, therefore, costly in the long run. People require reforms in social sphere, but they expect rather a strengthening of the elements that already exist in the Czech system to a sufficient degree – such as the progressiveness of taxation, targeting benefits and their quite generous level. The feedback and trade-offs between individual areas of redistribution are perceived to only a limited extent. A comprehensive view and institutional synthesis should be applied. The main problems are the relatively dissatisfactory situations of families, a frozen pension system, and weak work motivation owing to the nature of and the easy access to social benefits. This produces an increasing debt toward the future. While the indebtedness in economic terms is explicit and it can be well quantified, the indebtedness in social terms is implicit and rather qualitative, provided the social sphere is considered not only as a field of transfers but as a socio-economic structure. If education, research and strategic services are not expanding, the country's dynamics is limited in the long run. Instead, the situation may result in a trap, as more people fed by the state will oppose reforms. Not only legislation should be adopted, but also the institutional framework should be better shaped to link together what was separated: the active and post-active life, the labour market and social system, economy and family, administration of employment and social transfers.

Keywords: social policy, social reforms, Czech Republic

Work from Home and its Effect on Family Life

The paper examines the incidence of working from home in the Czech Republic and its associations with gender, age, educational level and presence of a dependent child in the household. In addition, authors try to test certain hypotheses emerged from recent qualitative research on telework in the Czech Republic. The hypotheses are based on the assumption of household duties accumulation for the family member who works from home. According to the survey findings, 6.3% of employees and self-employed people in the Czech Republic worked at least part of the week from home. For 3% of employees and self-employed people, home was the sole place of work. The findings of the 2005 'Generations and gender survey' also reveal that women in the Czech Republic probably opt to work from home for different reasons than men do. Differences between both sexes also emerge when taking into account the life cycle and career. Men usually work from home at an older age and later stage of their career while women make use of this form of work throughout their entire working life, with a slight increase in such activity among women in the 35–44 years and the oldest age group. Moreover, it appears that the presence of a dependent child in the household is a trigger for women to work from home. Regarding division of chores between partners in the household, the fact that woman works from home has no influence on her workload in household when compared to women working in one place away from home. Contrary, men working from home take an active part in household chores more often than other men.

Keywords: homeworking, work organisation, flexibility, gender division of household duties, place of work (worker/employee, employment, gender differences)

International Migration of Skilled Labour and the Risk of Outflow of Czech Doctors to Other Countries

Access to the European labour market has been facilitated for specialists from the Czech Republic, despite the transitory limitation on the free movement of labour in the European Community. That is because the growth in the advanced technologies industry and skillintensive services are driving a global need for highly qualified labour. The segment of highly skilled labour is becoming an arena of competition. The article analyses the issue of international skilled migration as a specific problem and identifies the factors motivating and influencing migration in this population group. It also documents the formation of incentive programmes for maintaining native elite workers and what is being done to attract skilled foreign workers in a number of developed European countries. Author is concentrated on identifying the deficits of qualified specialists on the Czech and European labour markets. In the term of methodology the article mainly draws on information from field survey of agencies brokering employment for Czech citizens (highly qualified professionals) in foreign countries. It has been shown, that the qualified professionals are in demand in all developed economics around the world and in general the meaning of qualification has had rising tendency. A number of countries feel lack of highly qualified labourers even if they has relatively high rate of unemployment. Czech doctors are one of the most requested groups of professionals. General need for doctors steams from the unfavorable demographic development in majority of European states. The article informs about attitudes of Czech doctors to migrate and work in the foreign countries. In a conducted survey were asked 462 doctors with various specializations. The qualitative interviews with healthcare experts from state, trade union, occupational and academical sphere were another part of an analysis. The research activities were realized in Research Institute for Labour and Social Affairs (RILSA) Prague in 2006 and they are a part of second stage of the research project entitled "The Risk of the Potential Outflow of Qualified Professionals from the Czech Republic to other Countries", which is financially supported by the Ministry of Labour and Social Affairs of the Czech Republic.

Keywords: labour market, highly skilled labour, international skilled migration, the need for skilled labour, doctors, attitude of doctors to foreign migration

2/2007

Are the Social Services in the Czech Republic Following the Current European Trends?

The current European trends in social services show transformation of institutional care into in-house care. The study objective is to analyze whether our country follows these trends. The answer from this question may be obtained from results of the analysis of social services equipment level completed for several regions. We have to respect a lot of objective characteristics explicitly determining differences such as urbanization rate, demographics, municipalities size, scenery character, sociological changes in the society, etc. We have to take into consideration the absence of long-term concep of social services development. On the basis of this analysis, it is possible to claim that the current European trends are exercised in our country only in limited scope. This is very alarming information for municipalities and regions preparing plans of social services development for the coming period.

Keywords: social services, European trends, plan of social services development

Support of Economic Activities of Elder Population in Austria

Demographic structure of most EU countries is characterized by population aging. One of the ways how to solve the related economic problems is the gradual increase of retirement age. This leads to increasing employment of even elder people. As far as Austria and Czech Republic have considerable demographic similarities and habits, the problems of elderly working force can be addressed similarly. In addition to legislation, state authorities and national programs, the support of working elder population in Austria also includes various activities of independent bodies such as trade unions, employers, research institutes, etc. The support of economic activities of elder citizens in Austrian companies in particular, may be inspiring for employers in the Czech Republic.

Keywords: elder employee, economic activities, elder population, working conditions, retirement age, labor market

Mainstreaming Social Inclusion in the Czech Republic: Challenge to Czech Public Policy

The article provides an evaluation of mainstreaming social inclusion (MSI) into the public policy in the Czech Republic. It is based on a survey of 126 respondents from all levels of the public administration and from various NGOs, which was followed up by 8 qualitative interviews. The research was conducted as a part of the international study 'Mainstreaming Social Inclusion' funded by the European Commission. The article shows that social inclusion is mainstreamed into the Czech public policy to a low extent only. In the Czech Republic, social inclusion is generally perceived as being related to governmental policies. While at the central level MSI is given political priority as a consequence of commitments to the EU agenda (top-down influence), at the regional and local levels it has only low priority. At the lower levels of public administration, the principle of social inclusion is mainly incorporated into public policies in order to access additional funding from the European structural funds. This bottom-up influence is more important here than the national strategy declared by the national government. In addition, the MSI across the spectrum of public policies is also low as social inclusion issues are reflected almost exclusively by a narrow-defined social policy, mainly by the policy of social security and social care, and to a certain extent also by employment policies. In other policy areas, social inclusion is largely omitted. Important barriers to the development of MSI in the Czech Republic are, among others, inadequate use of legislative and financial tools, insufficient support of human resource development, underdevelopment of coordinating mechanisms and a prevailing low legitimacy of the agenda of social inclusion.

Keywords: social inclusion, mainstreaming social inclusion, public policy

Changing Parenthood in the Context of Labour Market Conditions

There have been significant changes in family arrangement and family functions as well as shifts in parenthood since the middle of the 20th century. The paper deals with changes of motherhood and fatherhood in Czech, and marginally also European, society. The main accent is laid on shifts in family roles and identities of individual family members in Czech society in connection with position of parents on the labour market. Not only formal institutes helping parents to fulfill their parental responsibilities – maternity leave, parental leave, career's leave - are observed, but also informal conditions regarding gender roles and dividing childcare responsibilities between mothers and fathers. Special attention has been paid to the concept of so called new fatherhood and active participation of men in childcare and sharing of household tasks. Theoretical resources are supported by evidence based on the data from quantitative research Generations and Gender Survey conducted in 2005.

Keywords: motherhood, fatherhood, childcare, family responsibilities, reconciling work and family responsibilities, Czech Republic, labour market.

3/2007

Essay on the Prospects of Solidarity and Equivalency in Social Welfare Systems

At this time, the social welfare system of the Czech Republic is facing the necessity to undertake fundamental changes (reforms). Such action is unthinkable without an idea of what role the two basic principles of the system – equivalency and solidarity – will have in its setup. In social welfare systems, both principles have a significant position, with their importance and weight developing and changing over time. The equivalency principle is tied to the support of motivation to work and the independence of citizens as well as to the decreased demands on the extent of redistribution and potential savings of public resources, namely in social security. This subsequently allows for a lower tax burden, a higher investment rate, and higher GDP growth. The equivalency principle is relatively widely used, especially in insurance. It brings with it an element of merit and allows for a more exact response to the income position of individuals. Its strengthening to the detriment of solidarity is today desirable, especially in the old-age pension insurance system, where it can lead over the long-term to stabilisation or a decrease in the rate of redistribution to social security as a whole. The solidarity principle is multivalent, and its effects can be both desirable and conducive to prosperity and social harmony and desirable and conducive to parasitism and social erosion. It is necessary to identify these effects. Reassessment of the solidarity principle today concerns not only its extent, but also how it is perceived. The crux of the problems relate in particular to solidarity enforced by the state through taxes and, to a certain extent, to obligatory public insurance. The data indicates that this solidarity is excessive and does not correspond to present or future conditions. The etiological concept of solidarity remains even there where it is not suitable or absolutely necessary and leads to a disproportionate burden on public finances. It is also necessary to support institutions such as families, neighbourhoods, various communities, charities, etc., which accent the element of voluntariness in solidarity, as solidarity is brought to and generated in society by its social cohesion. In the future, it is necessary in the social welfare system to take into account the reassessment of solidarity and the strengthening of the equivalency principle, which will respond to the level of development in our society, its tasks, mission, and prospects.

Keywords: social welfare system, social security, social insurance, health insurance, public insurance, social assistance, equivalence, solidarity, subsidiarity, welfare state

Have Individual Employment Action Plans "Died" in the Czech Labour Offices?

The presented essay is concerned with the various methods of utilising and implementing the newly introduced instrument of active job market policy – the individual action plan ("IAP") – in the Czech Republic since 2003. The IAP should help motivate and galvanise young and long-term unemployed people on record at the labour offices to find employment. This claim, however, can only be achieved under the condition that IAPs are provided professionally by regular labour office staff. Empirical research carried out in a number of European countries and countries outside Europe show, however, that it is possible to provide IAP both professionally and bureaucratically. It is this fact that we tried to test in the presented text. Specifically, we were interested in the following: "In what way do regular employees of four selected labour offices in various regions implement IAPs (bureaucratically, professionally, or in a combined manner, i.e., bureau-professionally) under the given implementation conditions in these regions and over a three-year interval (2003 and 2006)?" The results show that among the monitored regions and over time, the approach towards using and implementing IAPs often differed significantly. It is possible to observe the trend toward abandoning IAP as a consulting

method and its bureaucratisation as well as the trend toward restricting the extent to which it is used. On the other hand, it is possible to identify the methods of working with the unemployed that develop the principles and methods of individual approach and professionalism and lead to inclusion in the job market. A big influence on the method of using and implementing IAPs were due in particular to changes in legislation (voluntariness in drawing up IAP vs. penalties for failure to fulfil them), in the external environment of the offices (utilising new measures, ESF projects to decentralise management, networks with offices cooperating with organisations, and persons offering various services), and in professional capacities and competencies of regular workers (method of resolving the overloading of personnel capacities of labour office employees).

Keywords: individual action plans, European employment strategy, bureaucracy, professionalism, bureau-professionalism

Hidden Agenda: Ageing and Health in the Czech Media

The media – as the main transmitter of information in modern societies and actor in the social construction of reality – plays a major role in the signification of old age. This paper analyzes the way the Czech media represents older people and old age in connection with the topic of health in the media. The media is a key actor that participates in structuring our everyday reality and helps us overcome the uncertainty of the events that surround us. At the same time, however, it can function as an actor or factor contributing to the social inclusion or exclusion of the specific population group which it is providing information about. In addition, the case of ageing is increasingly important, especially in the context of current demographic changes in Western societies. This paper presents partial findings from a larger survey that focused on the representation of old people and of ageing in the main Czech nation-wide television news services and newspapers (carried out as part of the Diakonie ČCE project "Senior and I" in 2005). Selected messages issued during 2004 were analyzed by quantitative content analysis. This analysis showed that old people are presented in the Czech media only in limited number of contexts: elderly as victims of crime and political and economical topics concerning pension reforms are the most widely covered. On the other hand, messages relevant to health and healthcare topics represent only 2% of all analyzed news broadcasted in audiovisual news services and 4% in printed issues. This invisibility of this topic in the Czech media and, at the same time, the specificity of the connection between health and old age are both discussed from the point of view of the politics of active ageing.

Keywords: ageing, health, media, representation, active ageing

1/2008

United Collection of Health Insurance and Social Insurance Contributions with Income Tax

The article discusses the collection of contributions and taxes in Europe. It presents the results of a study on practices in collection of mandatory health and social insurance contributions in the Czech Republic and in Albania, Estonia, Germany, Hungary, Italy, The Netherlands, Romania, Slovakia, Sweden, Switzerland and the United Kingdom. Based on a thorough analysis the author concludes that the practice of most European countries tends to unify collection of mandatory contributions and income tax. There are in fact three practices – every institution collects its own taxes (Czech Republic and Slovakia), all contributions are collected jointly (apart from taxes) in large countries, and all contributions are collected together with income tax in small countries. The best practices show important savings in administrative costs. On the basis of these findings the author proposes that the Czech government jointly collect mandatory contributions together with taxes. He argues that (1) the with the exception of health insurance all mandatory contributions for social insurance are an income of

the state budget and expenditure on cash benefits is covered by the state budget; (2) separate collection was rational when the people – after the fall of communism – had to start paying social insurance contributions and it was easier to persuade them that they were paying for themselves; this reasoning no longer holds water; (3) separate collection is a heavy burden on the private sector that unnecessarily has to deal with a multitude of partners and is thus handicapped in competition. The article sums up the author's experience gained during his expert participation in the unification process in Albania, Georgia and Romania. When summing up the author recognises the technical problems that need to be solved but expresses the conviction that the long-term gains prevail.

Keywords: contributions, taxes, income taxes, mandatory contributions, health insurance, social insurance, administrative costs

Solidarity, Equivalence and income inequality in the Czech Social System

The article addresses the issue of the distribution of incomes in society in the context of the way the social system is set up in the Czech Republic. First, the article describes income inequality in general terms, including the most widely used numerical indicators and graphic tools that allow assessments and comparisons both over time and in international terms. Then, income inequality is analysed on the basis of empirical data from the 2001 Survey of Households' Social Situation and 2005 Household Incomes and Living Conditions Survey done by the Czech Statistical Office; household income is converted into income per person and consumption units gained using the OECD modified equivalence scale. The second part of the article is devoted to an analysis of the degree of solidarity and equivalence in individual social subsystems in the Czech Republic. Attention is paid to the pension and sickness insurance systems and contribution to the state labour market policy. Here, solidarity and equivalence are appraised on the basis of econometric and statistical analysis using data from the said 2005 Household Incomes and Living Conditions Survey. The final part contains an analysis of the Czech social system broken down by specific types of contributors and beneficiaries. Overview tables show the frequency of households by the size of contribution to the system and benefits from the system, sorted according to five specific features: social group of the person at the head of the household, type of household/EU type, type of household by education, main economic activity of the person at the head of the household, and the region the household lives in.

Keywords: solidarity, equivalence, income inequality, sample-based survey, equivalence scale

Employment of Older Persons in the Context of the Czech Labour Market

One of the fundamental preconditions of solidarity in Czech society is the co-existence of different generations. Society is experiencing and will continue to experience major changes in its demographic structure – population ageing, extension of people's lifespan, and a pronounced increase in the proportion of older people compared to middle-aged and especially young people. This gives rise to new, pressing social and economic problems that will also have an affect on labour market equilibrium. The article focuses on the issue of older people's employment (NB: older people here means 50 and over), which has so far received merely marginal attention. It works on the assumption that, on the one hand, the market laws to some extent help achieve a gradual balancing out of demand and supply of labour but, on the other hand, there are some problems that cannot be resolved by the market alone (e.g. pension reform, education system etc.). It is in the whole of society's interest that this process of striking a balance is effective, so that needless losses and conflicts can be avoided. There are bound to be some minor disproportions and fluctuations, even if the global supply of labour continues to

outweigh demand as anticipated. It is the state's duty to predict the basic features of the future development and to adopt suitable measures to promote economic growth and minimise the conflict between labour supply and demand. These include early and effective measures in, for example, pension, wage and financial policy and labour market policy. The article is based on information acquired from work on a research task entitled "Support for the Employment of Older People" as part of the "Modern Society and Its Transformations" project conducted in 2005-2007.

Keywords: older persons on the labour market, demographic development, organisation of work and working time, training for older persons, income motivation, pension system.

2/2008

Analysis of Public and Social Service Delivery Programs Goals' Investigation in Contemporary Public and Social Policy from Inter-organizational Perspective

In the paper we present information acquired from public and social service delivery programs goals' investigation in contemporary public and social policy. We focus especially on vertical and horizontal modification of state public and social service delivery programs in the environment of regional and local agencies and try to explain these changes with regard to inter-organizational processes. First, we try to identify different types of goals and kinds of actual changes thereto using sociological concept of organizational goals. Subsequently we attempt to explain reasons for these changes from political economy perspective and applying especially the component of existence of dominant coalitions in regional and local organizations. Finally we present three crucial fields, that should not be omitted during analytical investigation of the public and social policy goals.

Keywords: policy and organizational goals, public and social service delivery programs, horizontal and vertical goal modification, dominant coalition perspective

Certain Aspects of Intra-generational Redistribution in the Basic Pension System

This paper uses model examples of old-age pensions to highlight certain aspects of intra-generational redistribution in the Czech Republic's basic pension system. These aspects are stated separately in a way that makes it possible to illustrate the application of the equivalence and solidarity principles in this system. The amount of old-age pension is determined based on the income attained by the insured party before retirement; nevertheless, the merit principle is limited in particular by the method used to determine the amount of the pension, into which the principle of solidarity among income groups is reflected significantly. Due to the effect of the two-component pension structure and reduction of income for its calculation, the proportionality of the newly recognised pension to the income achieved before entering retirement decreases as income rises. The second significant social aspect of the system of basic pension insurance is the wide range of alternate insurance periods. In the paper's conclusion, attention is paid to differential mortality according to sex and according to socio-economic characteristics, which also influences the extent of redistribution among various groups of parties insured in the pension systems. Changes in the application of equivalence and solidarity principles to strengthen the merit aspect in the basic pension systems should be brought about by the pension reform being prepared.

Keywords: pension system, redistribution, equivalence, solidarity

3/2008

Social and Economic Factors Concerning the Effectiveness of Social Services

Based on the synthesis of crucial theoretical knowledge and current empirical trends, the aim of the article is to draw

attention to the social and economic factors influencing issues concerning the effectiveness of social services. The importance and anticipated increase in the use of social services is beyond all doubt in today's society, which is characterised by demographic aging as well as a wide range of increasingly common lifestyle diseases and changes in the traditional way of life. The analysis will primarily focus on social welfare services, which are affected most significantly by these changes. The article will deal with their attributes in terms of economics and social policy as well as in terms of the linkages between healthcare and social welfare. It will also denote the production of prosperity with regard to social services. The microeconomic characteristics of social welfare services and their specific attributes are also important (information asymmetry, values of trust and the position of those demanding services). Furthermore, the typology of social services is then analysed in accordance with their institutional structures and sources of funding. The article is based on available Czech and foreign literature. It is selective with respect to the stated goals and subject matter of the research and it offers a synthesis of knowledge, which may extend contemporary Czech discourse with regard to the effective existence of social services within the framework of a market economy.

Keywords: social services, social welfare, healthcare, demographic aging, social service providers, information asymmetry, market failure

Impact of an Environmental Policy on the Labour Market

Research on the impact of an environmental policy on the labour market is an integral part of a discussion on the application of a sustainable development strategy whose aim is to ensure balance between its economic, social and environmental mainstays. Whereas the analysis of an environmental policy on employment in a microsphere is a relatively common topic in specialist literature, determining the macroeconomic impact of an environmental policy on the labour market has been substantially limited until now due to the arduous methodological demands of this task. The submitted article deals with factors that make this determination easier and which have an influence both in terms of the economic policy of the given country and in terms of environmental policy. Besides determining the extent of environmental activities that could be related to employment, the hitherto open methodological issue that would ensure a harmonised approach by EU member states to the interaction of these two policies is the further development of approaches to the quantification of this impact, regardless of whether it concerns an impact on the side of demand and on the side of supply or a mixed approach, etc. At the conclusion of the article, some data is given on the impact on employment of the new, rapidly expanding sector that is producing environmental goods, services and technologies (the so-called eco-industry), both within the framework of the European Community and in the Czech Republic. It is documented in data from the Czech Ministry of Labour and Social Affairs how active employment policy instruments are applied in relation to this sector (a tightly defined concept in the article) and an answer is sought for the question as to whether this sector generates unemployment or conversely contributes to employment growth.

Keywords: sustainable development, environmental policy, labour market, eco-industry, active employment policy instruments, unemployment

On Problems Concerning Asylum Seekers' Access to the Labour Market in the Czech Republic

In comparison with other categories of migrants, asylum seekers in the Czech Republic and other European Union countries are in a specific situation on the labour market. They have the right to stay here for the period in which their asylum application is being settled, but their access to the labour market is legally restricted. In the article, we reflect on the consequences of this restriction for

their social integration within the context of the system for receiving asylum seekers. We look at the regulation of access to the labour market from the perspective of the social actors who are most affected by the relevant restrictions, i.e. the asylum seekers themselves. We cast light on the exclusion of asylum seekers from the labour market within the wider context of forming migration policies and contemporary discourses on migration. On the basis of empirical research, we refer to the strategy of participating in an unregulated labour market, by way of which asylum seekers strive to come to terms with this restriction. The results of the analysis indicate that the existing regulation of conditions for receiving asylum seekers imposes a considerable number of obstacles to their integration, both in terms of the labour market and other social spheres. They also indicate that the consequences of these measures probably also put pressure on asylum seekers. The biggest obstacles cited by respondents in seeking employment indicate that there are first and foremost external conditions in the labour market and the system regulating the employment of asylum seekers which force them into the grey economy and hinder the possibility of their finding regular employment. In particular, the ban on working for the first twelve months of the asylum process is a problem. This automatically leads them to seek alternatives on the black market or to remain without employment for a period of one year, which naturally reduces their contact with the reality of the labour market and restricts their ability to find suitable employment in the future.

Keywords: integration, migration policies, labour market, asylum seekers

4/2008

Women Buy their Way into Management with Lower Salaries

Women in the Czech Republic are not barred in any way from top management positions in companies. The decision to become a part of management is in essence a matter of a woman's "freedom to choose". However, from the supply and demand perspective, negotiating the value of their work often runs aground with concerns about the risk of being able to balance work life and private life, interrupting their professional careers, and competing against men in managerial positions. The source of these concerns is still existing gender behavioural stereotypes of both sexes. Women carry the greater share of the burden of caring for the family. Almost a half of women managers take care of the household themselves, which takes up 2-4 hours per day. The low level of earnings of women managers is not conducive to creating demand for commercial household-related services. The absence of such services, however, leads to women preferring "leisure time", which is then reflected negatively in assessment of their preparedness to do their job. Without the support of an accessible network of services for households from the public coffers, in particular childcare and senior care, discussion about equitable conditions at work for both sexes in management, especially in the private sector, is not possible. To decrease the amount of time that women need to spend caring for their children, it is necessary for there to be concurrent support from the family and the people around. It is not possible to expect significant help from the employer because the employer purchases the work of a manager and monitors that it is utilised 100%, calculating any risks into the amount of remuneration for the work. Women buy their way into management by offering work for a lower price compared to men. Significant salary differences between women and men show up in top management positions through the individual and confidential process of negotiating management agreements in the private sector. In the non-private sector, where salaries are regulated by legal regulations, the earning differential between the earnings of women and men does not deviate from the national average.

Keywords: gender, management, salary differences, career, family, leisure time

Age and Antidiscrimination Legislation of the European Union

This article deals with the issue of age discrimination and European anti-discrimination legislation. The text briefly describes the reasons why age has become one of the main aspects of discrimination. The reasons are especially the greater significance of age in modern society and demographic aging. Under the effects of these two processes, a new ideology in modern society has appeared, i.e., the ideology of age and the special form of ageism arising from it. A specific manifestation of ageism is age discrimination, whose treatment in legislation is the topic of the second part of the text. Adequate regulations and policies at the Union level and the ways in which EU Member States are dealing with age discrimination are introduced: first, it is possible to implement the measure in question through an independent law that bars discrimination only based on age; second, it is possible to include the age aspect into a single antidiscrimination law or equal treatment law that deals with discrimination from its various aspects; and, third, it is possible to implement the age aspect into various laws separately. To illustrate these three approaches, three examples are provided: United Kingdom, Slovak Republic, and Czech Republic.

Keywords: age, age ideology, ageism and age discrimination, equal opportunities principle, antidiscrimination legislation and policies

Motivations for Employers to Take on Immigrants

The article deals with the issue of employing foreigners in the Czech Republic and is based on an analysis of data acquired through questionnaires and partially structured interviews with representatives of organisations in the Czech Republic that employ immigrants on a regular basis. The article focuses mainly on the motivation of employers to hire a foreign labour force, with the text being divided up into two parts: the first deals with hiring manual employees; the second focuses on filling non-manual jobs. It was found that by hiring foreigners, a large portion of employers are responding to the lack of a domestic labour force, but certain specifics apply to both groups, which differentiate them.

Keywords: international migration, job market, immigrants, employers, hiring of employees

5/2008

Income Poverty and Material Deprivation in the Czech Republic

Poverty, income and material deprivation, an assessment of the level of this deprivation and an appraisal of the influence of social transfers on alleviating poverty are the focus of attention for European Union bodies as well as the subject of a number of research studies. The following report focuses on poverty as well as income and material deprivation in the Czech Republic. It compares it with the situation in EU countries and also looks at the influence of social transfers on the level of poverty in households depending on their makeup, age-structure, the economic activities of their members and other criteria. The authors base their research on a summary of EU Statistics on Income and Living Conditions (EU-SILC) 2006. The analysis has shown the concentration of poverty, particularly in single-parent families with children and in other specific groups of the population such as the unemployed and economically inactive people. Apart from this, it is evident that material deprivation affects a wider range of households than income deprivation, particularly households that are particularly dependent on incomes from social services. With these types of households, the efficacy of social transfers is relatively low in comparison with other groups of households. This is an important finding, particularly in view of the fact that poverty is transmitted between generations and that deprivation in childhood often leads to a life of poverty in adulthood and also negatively influences one's chances in life.

Keywords: income poverty, material deprivation, social transfers, groups threatened by poverty, Czech Republic

Income Poverty and Material Deprivation in the Slovak Republic

This text is devoted to an analysis of income poverty and material deprivation in the Slovak Republic using data from a harmonised statistical survey conducted in EU countries and entitled *EU Statistics on Income and Living Conditions (EU-SILC)*, which was carried out in the years 2005 and 2006. The aim of the text is to identify key facts that increase the risk of income poverty and to identify the extent of poverty and the most threatened groups. The study shows that the most threatened groups in Slovakia include children, people from single-parent households with several children, the unemployed and people with a low level of education. The second part of the text concentrates on the forms of material deprivation and their incidence among the inhabitants of the Slovak Republic. The focus of attention comprises four aspects relating to housing, economic burden, ownership of articles of long-term consumption and the character of the given locality. With most of these, it has been shown that impaired living standards measured by material-deprivation indicators occur more frequently among the poor population. Individual factors have a different "weight" and their presence in the population is significantly differentiated.

Keywords: income poverty, material deprivation, groups threatened by poverty, forms of material deprivation, Slovak Republic

Creation, Development and Operation of the Minimum Wage in the Czech Republic

This report is focused on a description and evaluation of the legal and institutional establishment of the minimum wage and the development of its absolute and relative level as well as the socio-economic consequences of this development during the individual phases of a minimum wage being used in the Czech Republic (1991–2007). The paper also briefly mentions approaches to the conceptual interpretation of the minimum wage in the context of expert discourse and political discussion at an international and national level. It lucidly outlines the arrangements included in the Labour Code and in regulations, through which the government is authorised to set the level and conditions for the provision of a minimum wage. It also schematically describes the material links between them. From an analysis of the development of the minimum wage and its relationship to the normal (average) level of wages in the Czech economy as well as to the standard subsistence minimum as a criterion for social welfare benefits at the lowest level, it is evident that there are two phases in the development of these ratios, which are primarily dependent on government policy. A high relative level of the minimum wage in relation to the normal (average) level of wages may restrict and distort activities in business entities, particularly those with a low level of earnings (with transfers to dubious "grey" and illicit "black" forms of employment or the direct curtailment of employment, etc.). A low relative level of the minimum wage in relation to social welfare benefits leads to a lack of interest in work and a propensity for social parasitism. The challenge is to find and use the optimum minimum-wage relationships and mechanisms as they are implemented in some EU member states.

Keywords: minimum wage, economic aspects of the level of the minimum wage, Czech Republic

Operation and Development of the Minimum Wage in the Slovak Republic

Slovakia belongs to 20 of the 27 European Union countries who have set a certain form of national statutory minimum wage (based on a government decree until 1996 and based on a law since then). Due to dissatisfaction with the existing regulation and arrangement of the minimum wage, this law has been changed twice since it came into effect – it was amended in 1999 and a new law was adopted in 2007. Even though it has been a source of fierce discussion, the minimum wage is not considered to be a primary source of unemployment and

poverty in Slovakia. In particular, the reason for this is probably the responsible approach of all governments up to now in regard to increasing the minimum wage. The minimum wage is criticised most of all by employer's representatives, particularly because of its connection with other laws, which in their opinion results in the disproportionate growth of employers' overall labour costs every year. This gives rise to the question as to how the minimum wage will fare in Slovakia in the context of the constantly intensifying Europeanisation of economic and social processes and in the context of ever-deepening globalisation.

Keywords: minimum wage, economic aspects of the minimum wage, social aspects of the minimum wage, method of setting the level of the minimum wage, Slovak Republic

The Role of State Social Support Benefits in Reducing the Poverty of Families with Children

State social support benefits increase in importance as the number of children in a family grows and as the number of economically active people declines. These benefits also have greater significance in the budgets of families of sole wage earners in comparison with two-parent families. Their efficacy in reducing poverty among families with children varies. Together with the working incomes of (at least) one parent, state social support benefits are an adequate arrangement in terms of reducing poverty. They become less effective, however, in families without incomes from gainful employment and in families with several children. At the same time, these families are the ones who are most often exposed to income poverty.

Keywords: state social support benefits, families with children, poverty, Czech Republic

Subsistence Minimum in the Slovak Republic

In particular, this study provides a detailed analysis of the legal, economic and social aspects of the subsistence minimum in Slovakia and its role in that country's social policy. On the one hand, the subsistence category is used in Slovakia to assess benefits for people and families in financial difficulty. On the other hand, however, it is also used for assessing benefits for the disabled, the infirm, family allowance contributions, tax bonuses for children, contributions for foster care, assessing the non-taxable base and deductible items in income tax as well as in recognising early old-age pensions and other matters. The author points out the inadequate and deteriorating level of this category when comparing the development of wages (gross and net wages, average and median wages) and the level of the subsistence minimum from 1990 up to the present day. In the data for 1998 – 2006, the development of the income situation is shown for individuals, families with children and couples in model cases and it also shows how far this differs from the minimum subsistence threshold. The analysis illustrates that measures to support the family do help keep a family's income at a "safer distance" from the minimum subsistence threshold, particularly among families with several children.

Keywords: subsistence minimum, role of subsistence minimum, level of subsistence minimum, Slovak Republic

6/2008

Theory of Population Ageing and the Labour Market

The article's principal aim is to identify the basic theoretical starting points for the application of practical economic and social policy, primarily in order to specify the main areas where the impacts of population ageing on the economy can be minimised. The demographic changes whereby the proportion of the population capable of work is declining and the average age of the economically active population is rising result in fiscal imbalance in the pension security system. More people are leaving the labour market than entering it and the rising average age of workers leads to a fall in work productivity. When going into retirement the individual's disposable income usually decreases, as does his personal consumption;

individual security is usually replaced by security from public funds. Longer participation in the labour market and the securing of greater disposable income during pre-retirement and retirement age would therefore appear to be key. Above all, there is considerable potential in the employment of women and older people, among whom there is also a link between the standard of educational attainment and the ability to find work. Employment of women rises sharply with a higher standard of educational attainment; continual education has considerable importance among older people. It is these areas that active labour market policy should concentrate on supporting.

Keywords: demographic changes, ageing, labour market, pension security, financing, active labour market policy, pensions, employment, continual education

The Work/Life Balance by Form of Familial Cohabitation

An individual's standing in the family and at work represents two basic spheres of his/her life that are very closely interlinked. The nature of this link determines how family and work life are balanced. This article therefore aims to analyse how the type of family influences the possibilities for striking this balance. The analysis is based on the assumption of a synergy between external and subjective factors when seeking strategies for balancing familial and professional roles. Despite the different familial characteristics and living conditions of single mothers, their behaviour on the labour market and at work has proven to be essentially the same as that of mothers living with a partner, at least in those indicators that were scrutinised here. Some expected differences in various types of families' options for harmonising family and work life were not confirmed as significant, e.g. in terms of full-time/part-time work, the length of working hours or flexible forms of work, and thus also earnings. A major role here is played by the limited opportunity for individual choices in the relatively rigid institutional

environment (the available range of flexible forms of work, pay principles, the availability of day care facilities for children). That leaves little room for variable strategies for women balancing family and working life in response to differing family situations and conditions. The significance of structural conditions, namely gender imbalances, was confirmed. At the same time, the identified differences were determined by individual characteristics more than by family situation. In the case of single mothers, both the institutional barriers to a free choice of strategies enabling fulfilment of their own ambitions in various spheres of life and feelings of the lack of appreciation for their specific situation in the social protection system contribute to an increased level of insecurity and a worse evaluation of their own living conditions. That, too, influences their choice of strategy.

Keywords: work/life balance, family, employment, incomplete family

Effects of Labour Market Programmes in 2007

This text appraises active labour market programmes in the Czech Republic in the years 2006-2007, i.e. both active labour market policy (as defined by the Act on Employment) programmes and programmes financed out of the European Social Fund and action plans. The analysis is based on individual administrative data on all unemployed people in the Czech Republic (registered as of 1.1.2006 in the "OK-práce" dataset). The quasi-experimental method of matched pairs is used to select comparable participants and non-participants in labour market programmes. The analysis shows that on the one hand the labour market programmes display relatively good results in terms of their effects, but that at the same time the programmes continue to be targeted at less disadvantaged groups (creaming-off), which compounds the differences in the risk of unemployment.

Keywords: employment, active labour market policy, effectiveness appraisal

Hlavní náplní ústavu je aplikovaný výzkum v oblasti práce a sociálních věcí na regionální, celostátní i mezinárodní úrovni formulovaný podle aktuálních potřeb orgánů státní správy, popřípadě neziskových či privátních subjektů. Ústav vykonává konzultantskou činnost pro uživatele výsledků výzkumů a organizuje semináře a konference. Výzkumné projekty se každý rok připravují ve spolupráci se zainteresovanými subjekty s ohledem na kontinuitu vývoje vědy a výzkumu v předmětných oblastech. Mezi hlavní výzkumné zájmy ústavu patří:

- trh práce a zaměstnanost,
- sociální dialog a pracovní vztahy,
- sociální ochrana,
- rodinná politika,
- příjmová a mzdová politika,
- rovné příležitosti,
- teorie sociální politiky.

Významnou činností ústavu je poskytování komplexních knihovnických a informačních služeb z oblasti práce a sociálních věcí, které zajišťuje České informační centrum sociální ochrany VÚPSV (ČICSO). V rámci činnosti centra je kontinuálně budován a zpracováván fond domácích a zahraničních informačních pramenů z uvedené oblasti, ale i z příbuzných oborů a průřezových vědních disciplín.

The RILSA's main role is applied research on labour and social affairs at regional, national and international levels, formulated in accordance with the current needs of the state administration, and in some cases the non-profit sector and private clients. The Institute provides consultancy for the users of research results and organizes seminars and conferences. Research projects are prepared each year in collaboration with interested parties, with regard to the continuity of science and research in the areas in question. The Institute's main research interests include:

- labour market and employment,
- social dialogue and labour relations,
- social security,
- family policy,
- wages and income policy,
- equal opportunities,
- social policy theory.

An important activity of the Institute, essential for carrying out its research objectives, is the provision of comprehensive library and information services in the field of labour and social affairs. This is done by RILSA's Czech Information Centre for Social Protection (CICSP).

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