

8. LABOUR AND WAGES



INVESTICE DO ROZVOJE VZDĚLÁVÁNÍ

Výuka jazyků
prostřednictvím ICT

CZ.1.07/1.1.10/03.0026

LABOUR

- is one of the factors of production
- is a human activity carried out to earn money
- are all manual and intellectual activities in production
- is a specific kind of good
- can be sold and bought on the labour market

LABOUR MARKET

- is where the demand for labour meets supply
- Households offer labour
 - a labourer sells their labour as a factor of production and asks wages for it
- A firm can offer wages
 - labour demand

LABOUR CODE

- is a nationwide set of directions which governs the relations between employers and employees
- Some parts:
 - Employment start, duration and end
 - Working hours, working overtime
 - Wages and sick pay
 - Working conditions
 - Job disputes



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PAY

- is a work reward which depends on the contribution to an organisation
- has different forms:
 - **Wages** – payment by result, work-measured scheme
 - **Salaries** – time pay, depends on working time, usually agreed as a fixed monthly remuneration (officers, doctors, teachers)
 - **Bonuses** – remuneration for extra work, good results, higher profit share

PAY SYSTEM

consists of:

- Basic rate scheme – job-based, grade structure
- Incentive scheme
 - Bonuses
 - Commissions on sales
 - Profit share
- Additional payments
 - Non-contributory pension scheme
 - Benefits such as cars, life insurance, refunds

GROSS AND NET PAY

- Gross pay is made up of
 - Basic pay
 - Incentive money
 - Additional payments

- Net pay = gross pay with deductions
 - Health insurance
 - Income tax
 - Payments into state pension scheme

EMPLOYEES AND ENTREPRENEURS

- Employees are paid within the system mentioned above
- Entrepreneurs' pay
 - Depends on their economic results
 - Health and social insurance is deducted
 - Basic payments are strictly done regardless of income

REAL AND NOMINAL PAY

- **Real pay** is monetary income in relation to inflation and price changes
- **Nominal pay** represents monetary income regardless of inflation and price changes, it is the amount of money people receive as a salary or business profit

CONTRACT OF EMPLOYMENT

- is a written statement of employment
- can be changed upon agreement between both parties
- Compulsory parts:
 - Job title
 - Place of work
 - Rate of pay or reference to other document such as Collective Agreement
 - Probationary period
 - Fixed-term or open-ended contract
 - Working hours