

ANALYSIS

5 December 2022

Development of the Czech labour market in the Q3 2022

In the Q3 2022, there still remained tension on the labour market. The average wage nominally increased by 6.1%, y-o-y; however, as a consequence of a strong price increase it decreased in real terms by 9.8%. The economic activity remained unimpacted, the employment rate increased by 1.1 percentage point (p. p.), and the unemployment rate dropped by 0.5 p. p. The reservoir of the inactive yet willing to work has been draining, too.

Employment, unemployment, and economic inactivity

Results of the Labour Force Sample Survey (LFSS) brought for the Q3 2022 a year-on-year increase of the employment rate (in the age group of 15–64 years) by 1.1 p. p. to 75.9%. Females were slightly closing the gap; the male employment rate increased by 0.8 p. p. to 82.3%, the female one by 1.4 p. p. to 69.1%.

In the year-on-year comparison of absolute figures, it is necessary to use corresponding data after having applied new demographic weights after the 2021 Census. The number of the employed increased by 61.9 thousand, y-o-y, i.e. by 1.2% to 5 188.9 thousand. A significant trend was that there was another slight decrease in the number of employers (by 3.9 thousand), which is in discrepancy with an increase in both the number of entrepreneurs without employees (own-account workers) by 15.8 thousand and, most of all, in employees (by 44.8 thousand).

In the breakdown by economic activity (sections of the CZ-NACE classification), it can be stated that the employment stagnated both in the primary and secondary sectors. On the other hand, in the tertiary sector, the total employment increased, year-on-year, by 58.7 thousand, mainly in the section of 'wholesale and retail trade; repair of motor vehicles and motorcycles' by 23.0 thousand.

The total number of the unemployed according to the LFSS (persons who seek a job in an active manner as defined by the International Labour Organisation (ILO)) reached 117.5 thousand persons; after seasonal adjustment, the figures show a q-o-q decrease by 8.1 thousand persons, in the y-o-y comparison, the unemployment decreased by 24.4 thousand. The unemployment rate in the age group of 15–64 years thus decreased to 2.3% (a y-o-y decrease by 0.5 p. p.). A regional character remains to be significant, although it has changed: the highest rate was currently in the *Olomoucký* Region (4.1%), only then followed by the *Karlovarský* Region (3.8%) and by the *Moravskoslezský* Region (3.5%). The unemployment rate decreased the most right in the *Moravskoslezský* Region (by 1.5 p. p.), followed by the *Plzeňský* Region (by 1.4 p. p. to 1.8%), and in the *Karlovarský* Region (by 1.3 p. p.). The lowest unemployment rate within Czechia was in the *Středočeský* Region (1.2%).

30.0 thousand of the unemployed (i.e. one in four) were without work for over a year, the number of the long-term unemployed decreased by 11.1 thousand, year-on-year.

Information Services Unit – Headquarters

Are you interested in the latest data connected with inflation, GDP, population, wages and much more?

You can find them on pages of the Czech Statistical Office on the Internet: www.czso.cz

tel: +420 274 052 304, e-mail: infoservis@czso.cz

ANALYSIS

The number of persons who cannot be classified as unemployed and who are considered to be inactive, although they are declaring that they are willing to work, decreased by 8.3 thousand, y-o-y, to 56.3 thousand.

It has to be reminded that the LFSS only covers persons living in dwellings (flats), not those living in hostels and similar collective households, which has a negative influence on the capture of foreigners who often use such ways of housing.

Registered number of employees converted to full-time equivalent employees

Preliminary data of the CZSO's business statistics confirmed a year-on-year increase in the number of employees that was, however, slowing down. The registered number of employees in full-time equivalent (FTE) increased, y-o-y, in the Q3 2022, by 39.9 thousand, which was a relative increase by 1.0%.

As for individual industries (economic activities), the situation was ambiguous. In seven sections of the CZ-NACE classification, the number of employees decreased, year-on-year; there were by 14.0 thousand employees less in them. In the remaining twelve sections, it increased by 53.9 thousand. Relative increments or decrements in individual industries (economic activities) ranged from -3.7% to 10.3%.

A relatively most important and the only double-digit increase (by 10.3%) can be found in 'real estate activities,' in which there were 4.4 thousand more jobs per the total number of 47.2 thousand. Despite that, this economic activity still remains the fourth smallest as for the number of employees. The second highest increase was in 'accommodation and food service activities,' in which the number of employees increased by 5.6%, i.e. by 5.7 thousand to 108.6 thousand.

In absolute figures, the highest increase in the number of employees (by 10.9 thousand) was in 'wholesale and retail trade; repair of motor vehicles and motorcycles,' which was a relative increase by 2.2%. This economic activity is the second most important as for the number of employees. In 'information and communication,' there was an increase by 4.4%, in absolute number it was by 5.7 thousand, to the value of 135.1 thousand. What was also worth recording is an increase by 6.2 thousand to 173.3 thousand in 'professional, scientific and technical activities'; in relative expression it was by 3.7%. High increases also persisted in 'human health and social work activities' by 8.1 thousand (2.5%) and in 'education' by 10.5 thousand (3.3%).

In 'mining and quarrying,' a turnabout in the trend and an increase by 0.6% might be surprising; however, when expressed in absolute numbers, it is only 0.1 thousand. This economic activity has been constantly decreasing since the beginning of the century for a long-term; now it only employs 18.3 thousand of employees, which means that it is the smallest CZ-NACE section as for the number of employees.

In the opposite direction, the largest relative decreases by 3.7% were right in two economic activities. In 'administrative and support service activities,' there was a decrement by 6.5 thousand to the value of 168.0 thousand. Also employees of employment agencies belong

Information Services Unit – Headquarters

Are you interested in the latest data connected with inflation, GDP, population, wages and much more?

You can find them on pages of the Czech Statistical Office on the Internet: www.czso.cz

tel: +420 274 052 304, e-mail: infoservis@czso.cz

ANALYSIS

there; this group responds the most substantially to economic fluctuations and therefore it is a good barometer of changes on the labour market. The economic activity ranking second was 'other service activities,' in which the number decreased by 1.7 thousand to 45.6 thousand. Therefore, this economic activity is the third smallest.

A decrease by 1.6% or 1.5 thousand to 92.5 thousand can be found in 'agriculture, forestry and fishing'; the number of employees in 'electricity, gas, steam and air conditioning supply' decreased by 1.3%, which means by 0.4 thousand to 33.9 thousand, while this economic activity is the second smallest as for the number of employees.

A further decrease occurred in 'public administration and defence; compulsory social security,' in which there was a year-on-year decrease by 3.2 thousand employees, which is a decrement by 1.1%. A slightly smaller one was in 'financial and insurance activities' (0.6 thousand; 0.8%); the last small decrease can be found in 'arts, entertainment and recreation' (0.1 thousand; 0.1%).

'Manufacturing' continues to be the largest section; it was employing 1 091.9 thousand employees; however, their number only increased by 0.2 thousand, year-on-year (0.0% in relative terms). Table 1 of the News Release on average wages also includes CZ-NACE divisions of this section, which are the biggest as for the number of employees. In those divisions, we can find a decrease in the number of employees especially in 'motor vehicles, trailers and semi-trailers' (4.6 thousand; 2.7%). On the other hand, 'manufacture of electrical equipment' strengthened the most (1.0 thousand; 1.0%).

Average gross monthly wages

The average wage (CZK 39 858) increased nominally by CZK 2 295 in the Q3 2022, compared to the corresponding period of 2021, i.e. by 6.1%. It was slightly more compared to an increase in the 1st half-year of 2022. It is an average of a very diverse development on the level of individual branches (fields of activity), enterprises, or organisations.

Expressed in real terms, it was a wage decrease by 9.8%, the same as in the Q2 2022. Therefore, employees could buy for an average wage by almost a tenth less goods or services than a year ago. The real wage growth depends on inflation, i.e. on the growth of consumer prices. That strongly increased in the Q3 2022 up to 17.6%, which is a record-breaking value in this century. For the sake of completeness, let's summarise that in the Q1 2022, the real wage decreased by 3.5%; in 2021, the average wage increased in real terms by 1.0% and in 2020 by 1.4%; at that time, the inflation was ranging from 3% to 4%.

Chart 1: Development of nominal and real average wage, the index to the corresponding quarter of the previous year

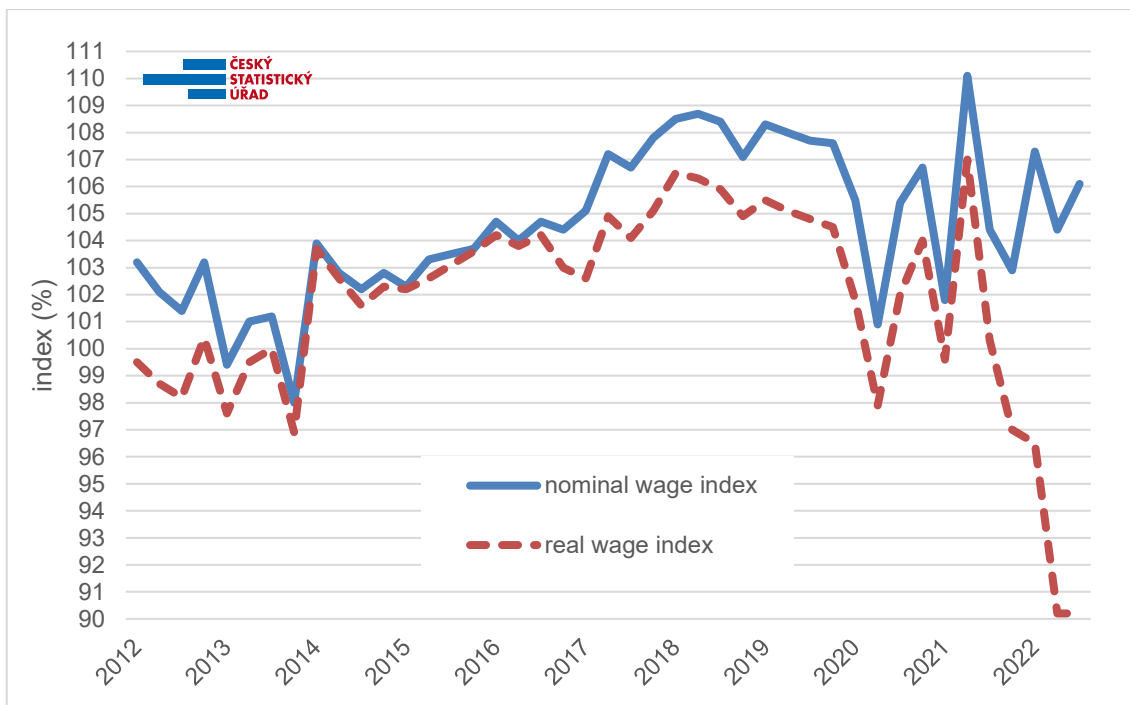
Information Services Unit – Headquarters

Are you interested in the latest data connected with inflation, GDP, population, wages and much more?

You can find them on pages of the Czech Statistical Office on the Internet: www.czso.cz

tel: +420 274 052 304, e-mail: infoservis@czso.cz

ANALYSIS



We can see the total development of nominal and real wages in the Chart 1 above, which captures the period since 2012. The gap between the two lines demonstrates precisely the inflation. We can see that the coronavirus period was very stormy mainly as a consequence of temporary closing down of the economy (lockdowns) and recently scissors between the nominal and real development have just opened.

Nevertheless, the wage development was heterogeneous, depending on an economic activity. The real decrease of average wages in CZ-NACE sections was ranging from 6.4% to 14.5%, see the Chart 2 below. In none of the sections, the wage increase thus did not overcome the value of an increase of consumer prices (17.6%); therefore, average wages considerably decreased in real terms in them. It can thus be assumed that, with only minor exceptions, for most employees, the purchase power of their earnings decreased, year-on-year.

The general trend is obvious – real wages in industries (economic activities), in which the state is dominating, i.e. there, where mainly government measures decide about increasing of wages, were slumping the deepest. In general, we can find the largest decrease in ‘human health and social work activities,’ in which the real average wage decreased by 14.5%, year-on-year; in ‘public administration and defence; compulsory social security,’ it decreased by 14.2%, and in ‘education’ by 13.2%. Over a ten-percent decrease occurred in ‘arts, entertainment and recreation’ (10.7%) and in ‘agriculture, forestry and fishing’ (10.1%). In the remaining CZ-NACE sections we can find more shallow decreases.

The highest nominal average wage can be found in ‘information and communication’ with the level of CZK 70 719. The second position belongs to ‘financial and insurance activities,’ in which

Information Services Unit – Headquarters

Are you interested in the latest data connected with inflation, GDP, population, wages and much more?

You can find them on pages of the Czech Statistical Office on the Internet: www.czso.cz

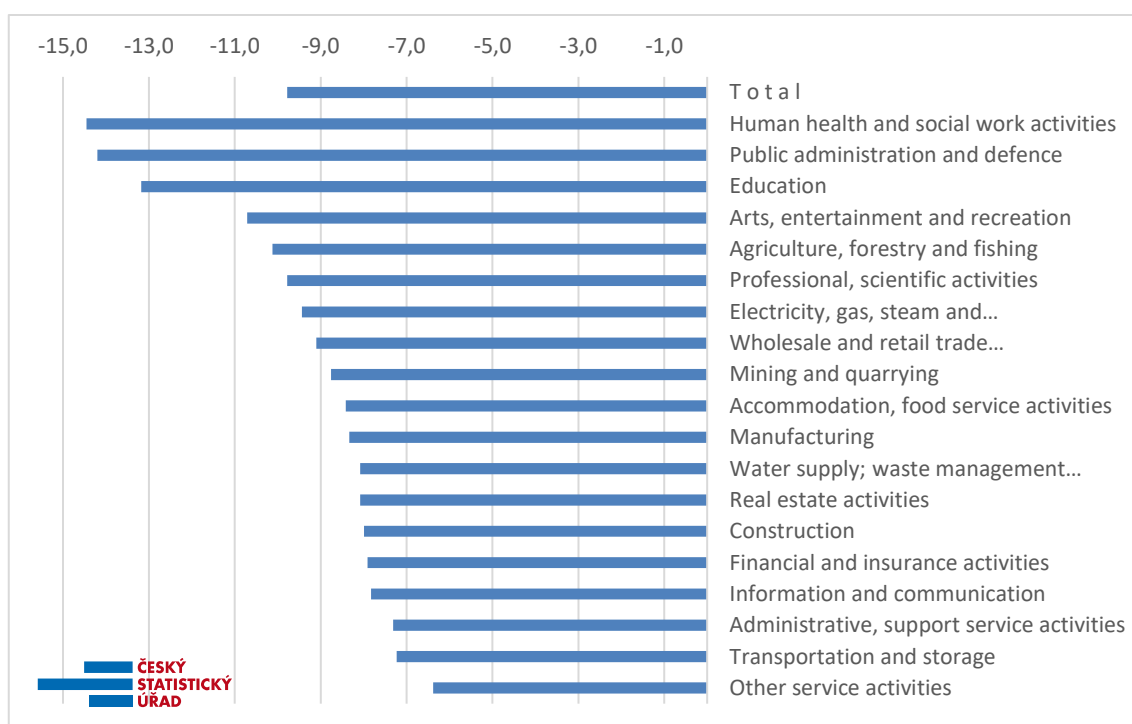
tel: +420 274 052 304, e-mail: infoservis@czso.cz

ANALYSIS

the average wage was CZK 63 848. The economic activity of ‘electricity, gas, steam and air conditioning supply’ ranks third, with a margin, with CZK 54 061.

On the other hand, in ‘accommodation and food service activities’ (CZK 24 350) the lowest level of wages persisted; it is only about a third of the level in ‘information and communication’. The second lowest average wage was – also as usually – in ‘administrative and support service activities with CZK 28 795.

Chart 2: Year-on-year decreases of real wages by CZ-NACE section, Q3 2022, in %



In trade (‘wholesale and retail trade; repair of motor vehicles and motorcycles’), the average wage reached CZK 37 231, which is slightly lower than in economic activities of industry (CZK 38 645). In the dominant ‘manufacturing’ the average wage reached CZK 38 282, in ‘mining and quarrying’ it was CZK 41 612. In ‘construction’ it was CZK 35 290 and in ‘transportation and storage’ CZK 36 904. Well below the level of the total average wage (which was CZK 39 858) are wages in ‘agriculture, forestry and fishing’ (CZK 32 781) and in ‘other service activities’ (CZK 30 828).

As for the statistics of hours worked, it was characteristic for the Q3 2022 that there was a higher number of hours worked compared to the corresponding period of the previous year.

Development in Regions

Regional results also bring development, which is ambiguous. In terms of the number of employees, there was a year-on-year decrease in three Regions in the Q3 2022 as follows: by

Information Services Unit – Headquarters

Are you interested in the latest data connected with inflation, GDP, population, wages and much more?

You can find them on pages of the Czech Statistical Office on the Internet: www.czso.cz

tel: +420 274 052 304, e-mail: infoservis@czso.cz

ANALYSIS

0.5% in the *Ústecký* Region, by 0.2% in the *Moravskoslezský* Region, and by 0.1% in the *Zlínský* Region. On the other hand, a very high increase in the number of employees was in Prague (3.5%); big increases were also recorded in the *Středočeský* Region and in the *Plzeňský* Region (both by 1.2%). In the *Jihomoravský* Region, the registered number of employees increased by 0.7%, in the *Pardubický* Region by 0.6%, and in the *Jihočeský* Region by 0.4%. In two Regions (in the *Královéhradecký* Region and in the *Olomoucký* Region) the numbers were stagnating.

As for the development of average wages, the dispersion of values is substantially lower than in the breakdown by economic activity (industry). Here it also holds true that the real purchasing power was slumping in all Regions, year-on-year, namely in the range from 8.9% to 10.5%. The *Moravskoslezský* Region is coming out as the most successful one among Regions; the real wage decreased there precisely by 8.9% thanks to a higher nominal increase of the average wage, which exceeded the level of seven percent there as the only one (7.1%).

The Capital City of Prague (the *Hl. m. Praha* Region) recorded a slump of real wage by 9.7%, the same as the *Jihomoravský* Region and the *Liberecký* Region. In the *Zlínský* Region, wages decreased in real terms by 9.8% and in the *Středočeský* Region by 9.9%. In the *Ústecký* Region and in the *Plzeňský* Region the decrease was by 10.4%; in the following Regions the decrease was by 10.5%: the *Karlovarský* Region, the *Jihočeský* Region, the *Pardubický* Region, the *Královéhradecký* Region, and the *Vysočina* Region.

According to the absolute level of earnings, Prague still remains to be the richest among the Regions of the Czech Republic. The average wage in Prague was CZK 48 712. The *Středočeský* Region maintains its second position with CZK 39 711. On the other hand, the *Karlovarský* Region remains to be the Region with the lowest wage level; currently, it is below the level of CZK 35 thousand (CZK 34 995) as the only one. It is followed with a small margin by the *Pardubický* Region (CZK 35 729) and by the *Zlínský* Region, in which the average wage got to CZK 35 935. In the *Jihomoravský* Region and in the *Moravskoslezský* Region, which are besides Prague and the *Středočeský* Region the Regions with the highest numbers of employees, the average wages reached the values of CZK 39 274 and CZK 36 588, respectively.

Median wages and decile intervals of wages by sex

The News Release of the CZSO for the Q3 2022 also contains a piece of data on the median wage, which is calculated from a mathematical model of the distribution. It shows the wage of a middle employee, i.e. a common wage level. Extreme deciles were calculated concurrently, too. In the Q3 2022, the median wage got to CZK 34 993, which is by CZK 2 142 (by 6.5%) more than in the corresponding period of the previous year.

The wage distribution didn't change much compared to the previous year. Ten percent of employees with the lowest wages were receiving a gross wage below CZK 18 301 (the bottom decile increased by 7.2%, y-o-y), whereas the opposite tenth having highest wages earned over CZK 62 659 (the top decile increased by 6.2%). The decile ratio decreased by 0.03 point, year-on-year.

Information Services Unit – Headquarters

Are you interested in the latest data connected with inflation, GDP, population, wages and much more?

You can find them on pages of the Czech Statistical Office on the Internet: www.czso.cz

tel: +420 274 052 304, e-mail: infoservis@czso.cz

ANALYSIS

Male median wages were still higher than female ones; in the Q3 2022, the female median wage was CZK 32 171 (it increased by 5.9%, year-on-year), whereas the male median wage was CZK 37 530 (it increased by 7.2%). The gap between median earnings by sex thus increased by 1.1 p. p. to 14.3%.

Concurrently, wages of males were distributed over a substantially wider interval, especially the area of high earnings is significantly higher for males than for females: the top decile for females was CZK 55 381 and for males it was CZK 69 427, by which there was a gap of 20.2% in high earnings. On the other hand, as for low earnings, the difference was smaller: the bottom decile for females was CZK 17 389 and for males it was CZK 19 273, which is a gap of 9.8%.

Elaborated by: Dalibor Holý

Labour Market and Equal Opportunities Statistics Department of the CZSO

Phone number: (+420) 274 052 694

E-mail: dalibor.holy@czso.cz