

## ANALYSIS

4 September 2018

### Development on the Czech Labour Market in Q2 2018

The top period of the Czech labour market has been continued. Unemployment remained at the historically low level of around 120 thousand persons. Results of the Labour Force Sample Survey (LFSS), that is carried out in households, showed an increase in employment by means of part-time jobs. All data have documented a record-breaking high business demand for labour force. Therefore the strong growth in earnings, which happened in Q1 2018, was repeated and the average wages nominally increased by 8.6%, year-on-year (y-o-y), again. The wage growth in real terms was a bit slowed down by inflation to 6.2%, y-o-y.

Results of the LFSS confirmed the culminating growth of total employment, which reached 5.29 million persons. This way Q2 2018 brought a next record-breaking employment rate of 74.7% in the group of persons aged 15–64 years.

The increase in business demand for labour force is extremely strong, which is most clearly demonstrated by registers at labour offices. The number of vacant jobs reported to labour offices reached the limit of 310 thousand at the end of July 2018, which is a new maximum value for the whole period of the registry existence, while the number of available registered job applicants aged 15–64 years was 210 thousand persons. Thus the share of the unemployed, the number the unemployed kept in the register of labour offices to the total population, declined to 3.1%.

This pressure forced employers to offer flexible types of jobs and so, first of all, the number of working persons aged 65+ years employed part-time increased.

The total number of the unemployed, as defined by the International Labour Organisation, was in Q2 2018 reduced to 118.2 thousand persons according to the LFSS. The unemployment rate this way also moved to historically record-breaking low value of 2.2%. The number of the long-term unemployed was also declining rapidly to drop to 35.7 thousand persons. Viewed by region the highest unemployment was in the Moravskoslezský Region (3.7%), followed by the Ústecký Region (3.6%), while the lowest one was in the Capital City of Prague (1.1%) and then in the Jihočeský Region (1.2%)

In the Czech Republic there is still, however, a significant number of persons, who do not work and do not seek a job in an active manner, yet in the LFSS interviews they state they would like to be working. This, so far unused, labour force reserve has been reduced to 108.4 thousand persons and therefore it is virtually comparable in size to the group of the unemployed and remains a challenge to employers as well as to the state employment policy. Outside the Czech Republic there are large reserves of labour force in the zone of free movement of persons within the European Union, where especially Southern Member States struggle with a high unemployment of young people.

---

#### 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](http://www.czso.cz)

tel: +420 274 052 304, e-mail: [infoservis@czso.cz](mailto:infoservis@czso.cz)

## ANALYSIS

Preliminary data of the CZSO business statistics have verified the described trends in the **growth in the number of registered employees**. In Q2 2018 there were by 75.9 thousand employees, as converted to full-time employees (FTE), more than in the same period of the previous year, which is a relative growth by 1.9%. This way their number exceeded the value of 4 070.2 thousand persons. Let us remember that this indicator has been demonstrating a monotonous growth since 2014.

Yet there are two economic activities sections of the Classification of Economic Activities (CZ-NACE), the national version which fully corresponds to the international classification NACE Rev. 2, that make an exemption to the trend in the growth of the number of employees. The first one is mining and quarrying, which still experience complex conditions. In Q2 2018 there was a decline in the number of employees by 0.7 thousand FTE employees, i.e. -3.0%, in the section. The second one is administrative and support service activities dominated by work agencies, in which the number of employees dropped by 1.0 thousand FTE employees (-0.5%). This probably relates to the fact business began to build up a permanent base of employees rather than lean on agencies' workers, or former agencies' workers have found better paid jobs.

In construction the number of employees increased by 1.2 thousand FTE employees (+0.6%), and the formerly troublesome economic activities of accommodation and food service activities saw an increase by even 2.9 thousand FTE employees (+2.5%). Almost zero growth can be found in economic activities of arts, entertainment and recreation with mere relative growth by 0.1%.

Manufacturing, which is largest employer, recorded the absolutely highest increase in employment. It was 15.8 thousand FTE employees, which was +1.4%, relatively. Wholesale and retail trade; repair of motor vehicles and motorcycles kept behind by a narrow margin growing by 15.6 thousand FTE employees, i.e. by +3.2%.

Electricity, gas, steam and air conditioning supply showed the relatively highest growth (+6.5%), the next fast growing activities were real estate activities (+6.4%) and information and communication (+5.1%), yet the last activities have been showing a long-term growth.

Concerning **wages** this year features a strong growth. The average wage (CZK 31 851) increased nominally by 8.6% in Q2 2018, compared to same period of the last year, which is the same growth as in the past quarter.

Expressed in real terms the wage increase was somewhat weaker. Wages grew by 6.2%, while in Q1 2018 they increased by 0.4 percentage point (p.p.) more. Inflation, that is the consumer price index, showed as the difference in between the two curves in the graph, marked with hatching, returned to the value of 2.3%, rather resembling that in the last year. Although the real wage growth was higher than those in the all period since Q2 2007 till Q4 2017.

---

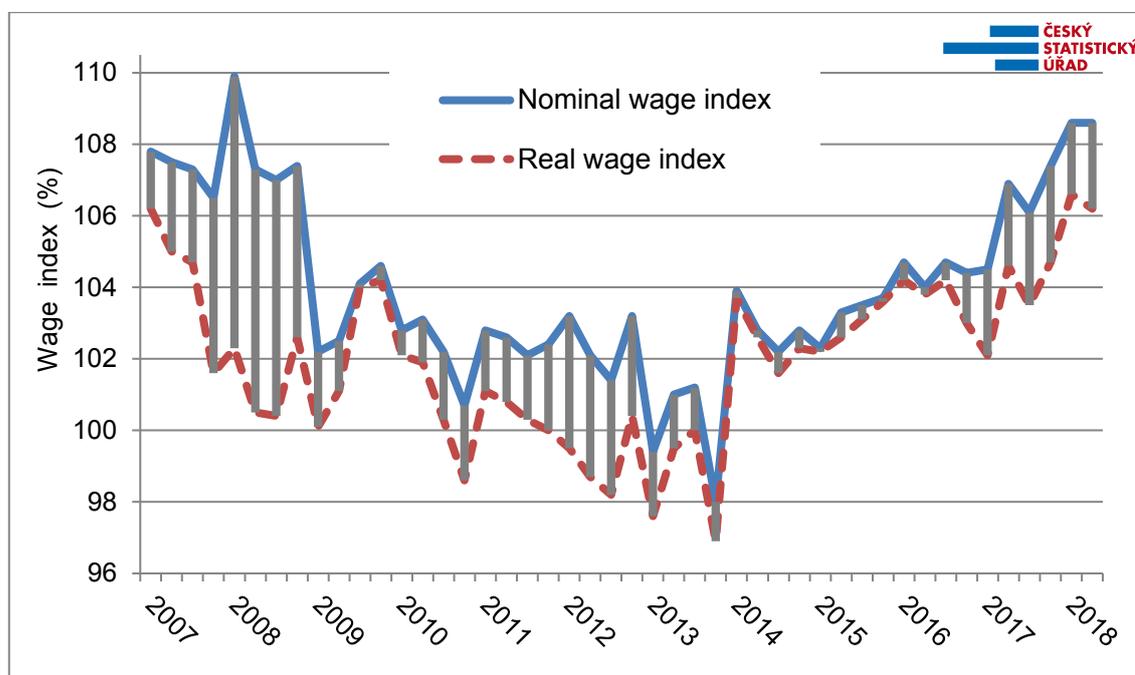
### Information Services Unit – Headquarters

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](http://www.czso.cz)

tel: +420 274 052 304, e-mail: [infoservis@czso.cz](mailto:infoservis@czso.cz)

## ANALYSIS



Similarly to trends in the number of employees the wage growth was differentiated in respective economic activities in Q2 2018. None of economic activities experienced a year-on-year nominal increase in wages below 6.0%. Economic activities dominated by government experienced a significant increase in earnings. The highest growth in the average wage was in the section of arts, entertainment and recreation by 13.1%. The average wage there reached CZK 28 142, which is 88% of the average wage for the whole national economy. The second highest growth was found in education (by 12.3%) to reach CZK 30 177, and similar was in human health and social work activities (by 12.0%) to reach CZK 33 439. A bit lower growth was in public administration and defence; compulsory social security (by 11.2%) to CZK 36 349. Maybe surprisingly a growth in the average wage by more than ten per cent (10.1%) could be found also in mining and quarrying, in which the average wage thus attained CZK 36 599.

Conversely, in the two economic activities sections with best pays the year-on-year increase in wages was the weakest. In financial and insurance activities the average wage increased by 6.3% to reach CZK 58 594, which is the highest wage level among the economic activities sections. The second rank occupied information and communication with the average wage growth by 6.1% to reach CZK 54 318.

In trade and repair activities (wholesale and retail trade; repair of motor vehicles and motorcycles) the average wage increased by 7.6% to reach CZK 29 485. In the industrial activities sector the wages increased by 8.0%, in agriculture, forestry and fishing the wages increased a bit less, by 7.4%.

### Information Services Unit – Headquarters

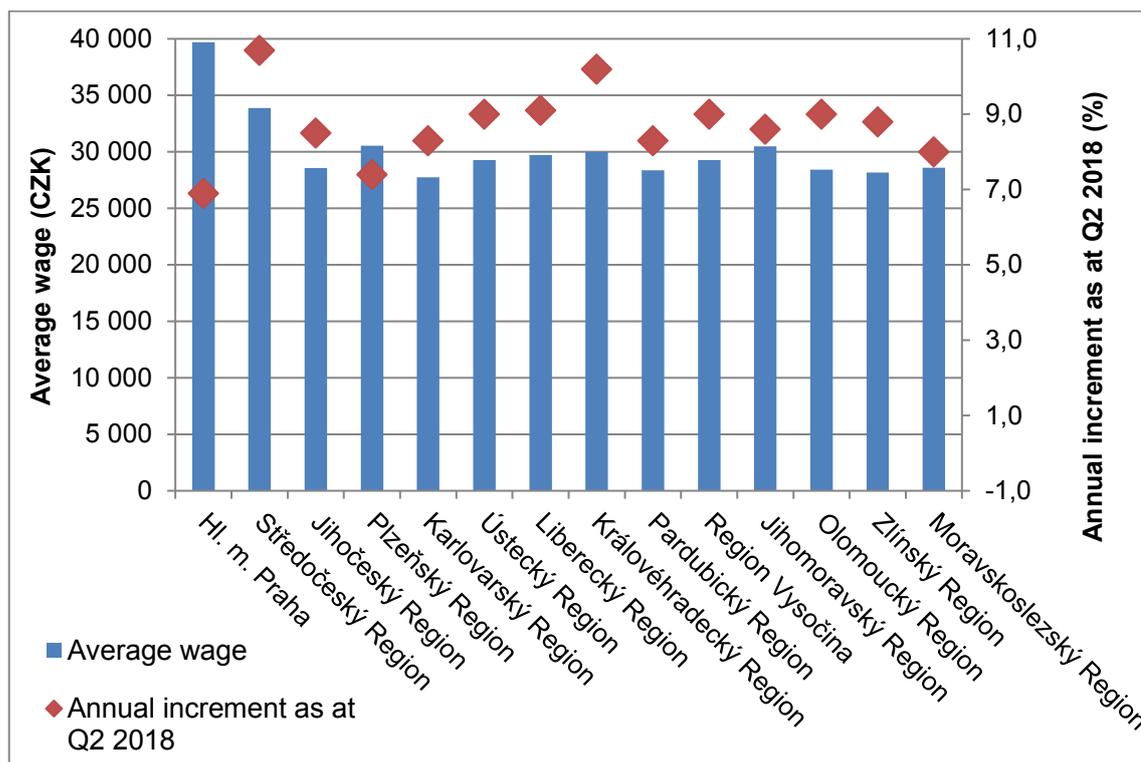
Are you interested in the latest data connected with inflation, GDP, population, wages and much more?

You can find them on pages of the Czech Statistical Office on the Internet: [www.czso.cz](http://www.czso.cz)

tel: +420 274 052 304, e-mail: [infoservis@czso.cz](mailto:infoservis@czso.cz)

## ANALYSIS

If viewed from the number of hours worked, overtime work hours, or number of reimbursed hours out of work these did not distorted the year-on-year comparison, because they remained almost identical. In Q2 2017 and Q2 2018 a substantial portion of earnings was formed by extraordinary bonuses of employees.



Results in regions did not bring any big surprise. The growth in average wages was most pronounced in the Středočeský Region (+10.7%), which has the second highest wage level (CZK 33 873). In the Capital City of Prague the growth in average wages was the lowest (+6.9%), as usual, nevertheless the average wage in the City remained the highest (CZK 39 688). In the Karlovarský Region, which remained the region with the lowest wage level, the average wage grew a bit under average (+8.3%) this time. The second strongest increase in wages was in the Královéhradecký Region (+10.2%).

Prague still boasts the fastest growth in the number of employees. In Q2 2018 the increment in the number of employees was 4.4%, y-o-y, in Prague. None of the regions experienced a drop in the number of employees. The lowest increase in the number of employees was the Karlovarský Region (+0.2%). The highest growth in the number of employees, but that in Prague, was recorded in the Liberecký Region (+2.4%).

\* \* \*

### 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](http://www.czso.cz)

tel: +420 274 052 304, e-mail: [infoservis@czso.cz](mailto:infoservis@czso.cz)

## ANALYSIS

From the standpoint of cumulated data **for the whole first half of 2018** the overall average wage grew by 8.6% to reach CZK 31 062, which is by 6.4%, y-o-y in real terms. Simultaneously, in the first half of 2018 the number of employees, converted to full-time equivalent employees, significantly increased by 2.1%, i.e. by 83.1 thousand persons.

\* \* \*

The News Release of the CZSO for Q2 2018 contains also data on the median wage, which is calculated from a mathematical model of the earnings distribution. The model shows the wage of a middle employee that means a common wage level. Extreme deciles were calculated simultaneously as well. In Q2 2018 the median wage was CZK 27 236, that is by CZK 2 349 (+9.4%) higher than in the same period of the previous year. The wage interval was still very broad; ten per cent of employees earning the lowest wages got earnings below CZK 12 725 (bottom decile), and the opposite tenth of highest wages, on the contrary, earned above CZK 51 576 (top decile).

The male wage level is significantly higher. In Q2 2018 the median wage in females was CZK 24 514 while in males it was CZK 29 782, that is by 21% higher. Simultaneously, it holds that wages in males are distributed over a wider interval and especially the area of high earnings is incomparably higher in males than in females. The top decile in males was CZK 58 645, in females solely CZK 43 699. In low earnings the difference is smaller, the bottom decile in males was CZK 13 138, in females it was CZK 12 423. Positive is the wages in females grew year-on-year somewhat more than the wages in males and over the whole spectrum of wages.

\* \* \*

The preliminary results of the **Average Earnings Information System (ISPV)** for the first half of 2018 bring a more detailed view of wage distributions and social classification. The ISPV, however, applies a different methodology for the calculation of personal earnings of employees. It especially excludes all absence at work, and therefore the data may neither be compared to the aforementioned values of the average wages, nor to figures given in tables attached to the News Release of the Czech Statistical Office.

According to the valid Classification of **Occupations (CZ-ISCO)** managers where the group with highest earnings having the median wage of CZK 50 046 yet also with a very wide decile span from CZK 21 611 to CZK 128 891. The second highest wage level can be found in professionals lying in between decile values of CZK 25 789 and CZK 76 650, while their median wage is CZK 37 713. The third rank is occupied by technicians and associate professionals with the median wage of CZK 32 789. Clerical support workers had the median wage of CZK 25 116. The fastest growth of the median wage (+13.4%) was found in service and sales workers, of which, however, a great number belong to low-income employees, with the decile range from CZK 12 897 to CZK 34 156 and their median wage was CZK 19 967. Craft and related trades workers and plant and machine operators and assemblers have their median wages CZK 26 794 and CZK 26 235, respectively. The lowest wage level can be found, in general, at

---

### 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](http://www.czso.cz)

tel: +420 274 052 304, e-mail: [infoservis@czso.cz](mailto:infoservis@czso.cz)

## ANALYSIS

elementary occupations with the median wage of CZK 17 416 and the decile range from CZK 12 550 to CZK 28 699. They also recorded the slowest growth in earnings by 8.0%.

Wages are also markedly structured by **educational attainment** of employees when in the first half of 2018 employees with higher education earned the highest earnings, their median wage was CZK 39 735, yet with the lowest growth of 9.1%, y-o-y. On the contrary, employees with primary and/or incomplete education had the lowest wages (median wage of CZK 20 821). Employees having secondary education with A-level examination earned more (CZK 28 472) than employees having secondary education without the A-level examination (CZK 24 143), yet less than employees with completed higher professional school and/or with bachelor degree (CZK 33 352).

If viewed by **age group** the lowest median wage of CZK 20 376 was earned by employees up to 20 years of age, while in the age 20–29 years it was already CZK 26 209, and the age group 30–39 years recorded the highest median wage of all of CZK 29 472. This is, however, accompanied with an increase in variability of earnings. The lowest tenth of earnings (1<sup>st</sup> decile) remains below the level of CZK 15 400 in every age group.

**Author: Dalibor Holý**

Labour Market and Equal Opportunities Statistics Department of the CZSO

Tel.: +(420) 274 052 694

E-mail: [dalibor.holy@czso.cz](mailto:dalibor.holy@czso.cz)

---

**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](http://www.czso.cz)

tel: +420 274 052 304, e-mail: [infoservis@czso.cz](mailto:infoservis@czso.cz)