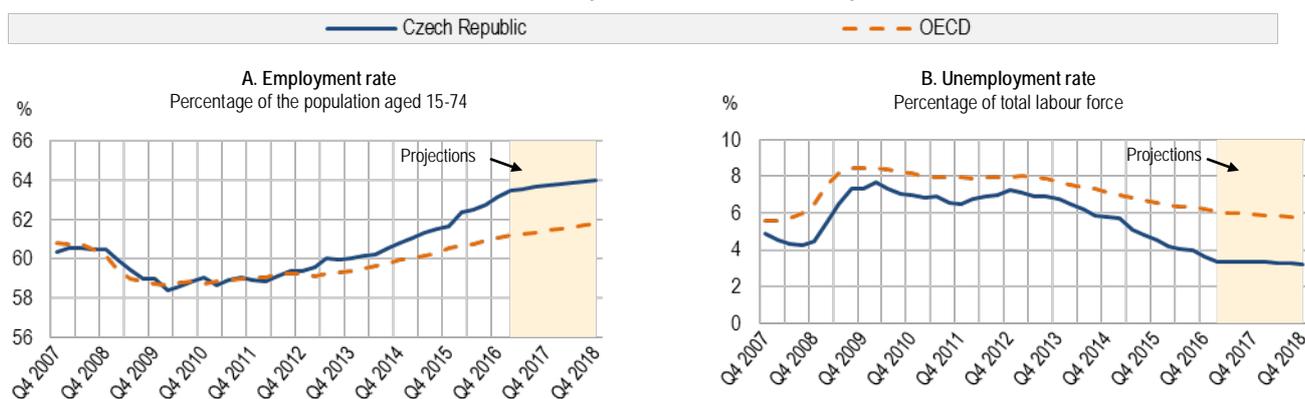




The 2017 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects. It also contains chapters on: benchmarking labour market performance based on the new OECD Jobs Strategy scoreboard; labour market resilience in the wake of the global crisis; the role of technological change and globalisation in transforming labour markets; and key country differences in collective bargaining arrangements.

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### Labour market developments in the Czech Republic



Note: OECD weighted average.

Source: OECD calculations based on OECD Economic Outlook Database (No. 101), June 2017.

### RECENT LABOUR MARKET TRENDS AND PROSPECTS

Labour market conditions continue to improve and the OECD average employment rate finally returned to its pre-crisis rate in the first quarter of 2017, nearly ten years after the global financial crisis erupted. The OECD-average unemployment rate continues its slow descent, but remains slightly above its pre-crisis level because employment has not increased enough to fully offset a rising trend in participation rates. The unemployment rate is projected to fall back to its pre-crisis level in late 2018 or early 2019. The recovery remains very uneven across countries and different groups within the workforce.

- Unemployment has fallen faster in the Czech Republic than on average across OECD countries. At 3.2% in April 2017, it is now below its pre-crisis level in 2007, and significantly below the OECD rate of 5.9%.
- Similarly, the employment rate in the Czech Republic has increased more rapidly than on average across OECD countries, and is now 2.9 percentage points above its pre-crisis value. This improvement reflects

the fall in the unemployment rate, as well as considerable growth in the participation rate (2.1 percentage points increase since 2007).

- OECD projections suggest that the Czech employment rate will only increase modestly through the end of 2018, at an almost constant unemployment rate.
- While the jobs gap that opened during the Great Recession has now closed, the mix of jobs has shifted, continuing a longer-term trend towards a rising share of service sector jobs and a declining share of employment in manufacturing. In the Czech Republic, employment growth has been concentrated in high-skill occupations, with declining employment shares in both middle-skill and low-skill occupations. This pattern of occupational upgrading is different from the polarised pattern that is observed in most OECD countries, where the shares of low- and high-skill jobs have increased.

## Scoreboard of labour market performance for the Czech Republic



Note: An upward ↗ (downward ↘) pointing arrow for an indicator means that higher (lower) values reflect better performance.

*Earnings quality*: Gross hourly earnings in USD adjusted for inequality. *Labour market insecurity*: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. *Job strain*: Percentage of workers in jobs characterised by a combination of high job demands and few job resources to meet those demands. *Low income rate*: Share of working-age persons living with less than 50% of median equivalised household disposable income. *Gender labour income gap*: Difference between average per capita annual earnings of men and women divided by average per capita earnings of men. *Employment gap for disadvantaged groups*: Average difference in the employment rate for prime-age men and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities) as a percentage of the employment rate for prime-age men.

Source and definitions: OECD calculations using data for 2015 or latest year available from multiple sources. See [OECD Employment Outlook 2017](#), Table 1.2. for further details

### NEW OECD SCOREBOARD SHOWS RELATIVE STRENGTHS AND WEAKNESSES OF THE CZECH LABOUR MARKET

The 2017 issue of the *OECD Employment Outlook* presents a comparative scoreboard of labour market performance that provides a rich overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quality (pay, employment security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- The Czech labour market generally scores in the middle of the pack, for example as regards employment rates, and the level of job strain. However, the Czech Republic also shows areas of relative strength and weakness.
- The main strengths of the Czech Republic are a below average unemployment rate, and linked to that a low level of labour market insecurity, as well as a below average share of working-age persons living in poor households, that is with incomes adjusted for household size of less than one-half the median income (i.e. the low income rate).
- The most pronounced weakness is the low level of earnings quality, driven by low levels of average earnings. The Czech Republic also scores below the OECD average as regards how well women and potentially disadvantaged groups, such as working-age persons with partial disabilities, fare in the labour market
- The Czech Republic saw improvements in the employment rate and the quality of the working environment during the past decade, as well as declines in the employment gaps for disadvantaged groups. On the other hand, labour market insecurity increased as a result of declining unemployment insurance.

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