

6. Labour Market

Again the acceleration of the growth of aggregate employment

In Q2 2013 the Czech economy accelerated „the absorption“ of new employees. Aggregate employment increased year-on-year by 1.3 % to 5 141.4 thousand employed persons (following +1 % in Q1 2013 and +0.8 % in Q4 2012) according to the seasonally adjusted data and in the conception of national accounts. This growth can be most likely partially assigned to the slowing down of the rate of fall of economic downturn, partially then to the growing trend of part-time jobs.¹ It is notable, that the total numbers of employed persons year-on-year grow (+1.3 % in Q2 2013), while the numbers of hours worked fall (-0.9 %).

Decrease of productivity per one employed person and on the contrary, growth of hour productivity

More employed with lower hours worked led to the fact, that the labour productivity measured according to the gross value added per one employed person in the Czech economy falls, while the hourly labour productivity rises – in Q2 2013 was however its year-on-year addition (+0.9 %) lower compared to Q1 (+4.1 %). The number of hours worked fell the most in construction (-8 % year-on-year in Q2 2013 on seasonally adjusted data), which proves the slump of production occurring in this period.

On the contrary, branches with the highest year-on-year growth of number of hours worked were information and communication activities (+4.2 %), where however also arose the largest addition to employment (in total by +4.3 %, in number of employees even by +5.1 %). However, the industry still holds only a negligible share (111 thousand persons in Q2 2013) on the total number of persons with a status of employee in the economy of the CR (4 242.6 thousand persons).

Absorption capacity of the public sector

Given the increase of numbers of employed persons, it was the largest in the public sector (+26.2 thousand). Market services in branches involving professional, scientific, technical and administrative activities was their addition (+14.1 thousand of persons) practically eliminated by the decrease in construction (15 thousand persons). Employment in the manufacturing industry grew by 14.3 thousand persons, in the whole industry by 16.5 thousand persons. Fewer workers (by one thousand) had by the end of Q2 2013 compared to the same period of 2012 apart from construction also only agriculture incl. forestry and fishing.

Fall of the general rate of unemployment compared to Q1 2013; in year-on-year terms stagnation

Labour Force Sample Survey showed in Q2 lowering of the general rate of unemployment in the Czech economy to 6.7 % persons aged above 15 years, which was a lower ratio compared to Q1 (7.4 %) and similar size to the same period of year 2012. Seasonally adjusted, the status of unemployed had in the CR according to the methodology of the International Labour Organization 6.9 % persons older 15 years. Even this is a more favourable result compared to the long-term average of EU. The supply of vacancies has not yet however reflected the effect of moderation of the economic downturn.

Rate of economic activity significantly grows

With expansion and usage of part-time employment is also related the fact, that there were 59.4 % of economically active persons in the population above 15 years in Q2 (based on seasonally adjusted data), which was the highest rate of economic activity since Q1 2006. Its growth is noticeable especially since the beginning of 2012. It increased since then by 1.1 p. p.

Real wage in the economy in Q2 decreased year-on-year by 0.3 %, in the non-business sector it started growing after eleven quarters

The growth of average gross monthly nominal wage in H1 2013 for the economy as a whole by 0.4 % compared to the same period of the preceding year was impacted by its year-on-year decline in the first three months – in Q2 2013 the year-on-year addition arrived at 1.2 %. The wages grew faster in this quarter in the non-business sector (1.9 %) in comparison to the income of persons the business sector (+1.1 %). Still the wage increased in industry (+1.6 %) by more than the average for the business sector, which was pushed down year-on-year by the lower wages in branches of market services (e.g. professional, scientific and

¹ This consideration corresponds to the fact, that in Q2 the number of employees alone grew faster in comparison to the number of employed persons. This group includes apart from persons with the most common job relationship (i.e. employment contract with eight hour working time) also persons working part-time.



technical activities -2.7 %, activities in the area of real estate -2.6 %). Development of consumer prices in Q2 2013 – despite lowering of their dynamics – led to the fall of purchasing power of the CR population by a drop of real wage by 0.3 %, mainly for persons employed in companies (-0.4 %). On the contrary the real wage of employees in the non-business sector grew for the first time in eleven quarters (+0.4 %).

Chart 15 **Total employment and numbers of employees (y/y in %, seasonally adjusted)**

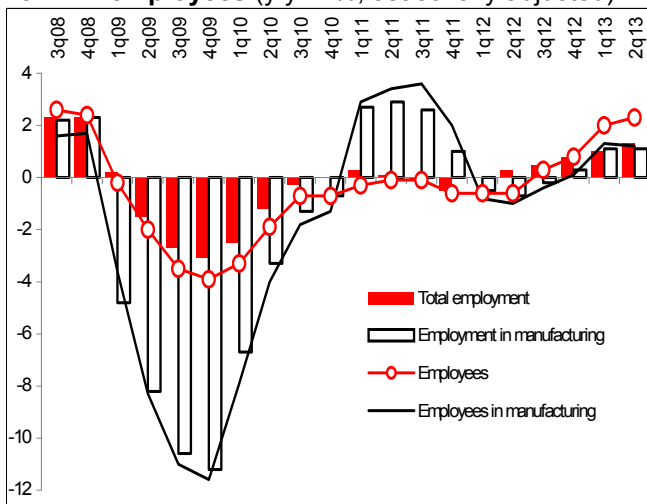
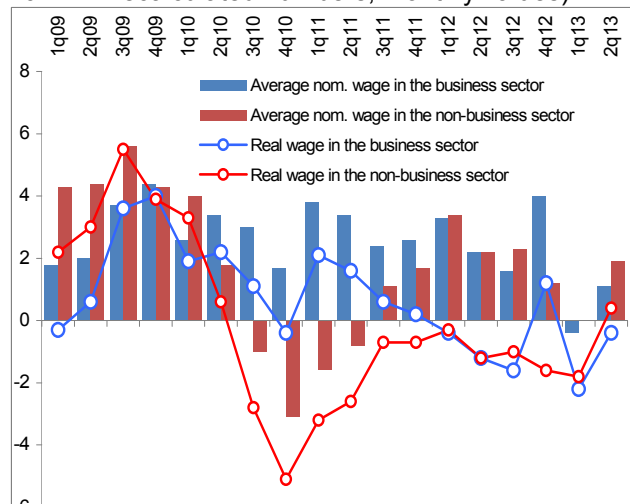


Chart 16 **Nominal and real wage (y/y in %, recalculated numbers, monthly values)**



Source: ČZSO

Chart 17 **Labour productivity/1 employed person and hour productivity (y/y in %, seasonally adjusted data)**

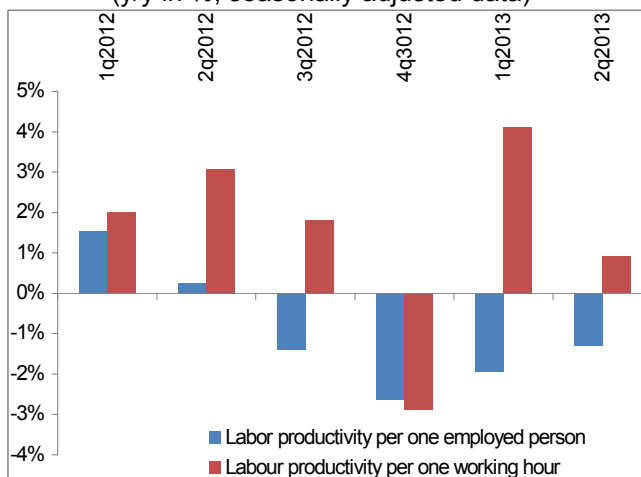
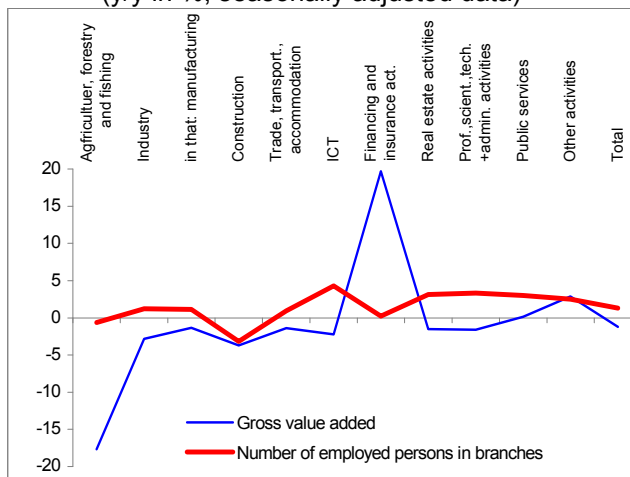


Chart 18 **Comparison of gross value added and number of employed persons in branches (y/y in %, seasonally adjusted data)**



Source: CZSO, own calculations