

ANALYSIS

2 February 2018

Number of Inactive Persons Willing to Work Declines Slower Than the Number of the Unemployed

The number of economically inactive persons, who are willing to work, reached 125 thousand persons in the period of Q1–Q3 2017. It is a group of very different persons, majority of which (97 thousand) formerly used to work. Yet merely 40 thousand of these persons stated they are able to join a job within a fortnight

Development on the labour market in the last year was extremely favourable. The total number of working persons was the highest since the Czech Republic was established and, simultaneously, the unemployment rate was the absolutely lowest in the whole European Union. Under these conditions the question, how the discrepancy in between pressure on a further growth in employment and current social-economic and demographic conditions is to be solved, became even more urgent.

A portion of the economically inactive population can be taken as a certain reserve of labour force. Comparison to other Member States of the European Union revealed that in the case of the Czech Republic these are especially the young aged up to 25 years¹ and in over a shorter term also women aged 60+ years. In the labour force sample survey all Member States of the European Union also deal with a group of persons who do not work and do not seek a job in an active manner, and thus do not comply with the ILO conditions for the unemployed, yet they state they would like to be working. These co-called discouraged workers can therefore be taken as a specific reserve of labour force.

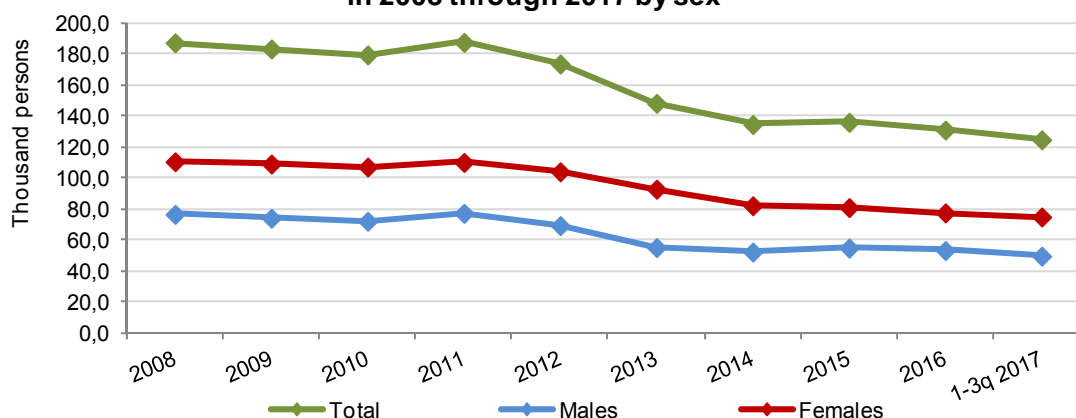
Number of the economically inactive willing to work has been declining recently

In 2008 the number of the discouraged workers from seeking job was almost 190 thousand persons and the number remained at around this level till 2011. Since 2012 a significant decline in the number of discouraged workers has been observed clearly. In 2013 their number dropped below 150 thousand and available results for the three quarters of 2017 demonstrate that this number already fell below 125 thousand persons last year. The discouraged workers are more frequently females, yet the number of males is also important.

¹ The issues are dealt with in detail in the analysis accompanying the news release for Q4 2015 named Just Small Portion of the Young Works in the Czech Republic that can be found at <https://www.czso.cz/csu/czso/ari/quarterly-lfs-analysis-on-topic-of-the-day-4-quarter-of-2015>

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Development in numbers of the inactive persons willing to work in 2008 through 2017 by sex



Source: CZSO, Labour Force Sample Survey

Relation to basic groups of labour force (the employed and the unemployed)

As the number of the discouraged workers declined, the number of the unemployed saw a rapid drop as well. Since 2013 total unemployment has been reduced by almost 205 thousand persons to fall to less than 165 thousand persons on average in the three quarters of 2017. This resulted in the fact the absolute number of the inactive persons willing to work has moved closely to the total number of the unemployed. Still in 2013 the ratio of the discouraged persons to the unemployed was 40 : 100, yet in the last year it reached the level of 76 : 100.

Concerning development in the number of the inactive persons willing to work and the total number of the unemployed other tendency can be seen. The groups' numbers ratio shows that in 2013 it reached the value of 3.0, but in the last year it was mere 2.4. The ratio is higher in females and reaches roughly twice as high value as in males (3.3 for females compared to 1.7 for males in the period Q1–Q3 of 2017). Relations to the basic categories of employed can be seen in Table below.

Numbers of the employed, unemployed and inactive willing to work in 2013 and in 2017

	2013			Q1–Q3 2017		
	Total	Males	Females	Total	Males	Females
	Thousand persons					
The employed	4937.1	2794.0	2143.0	5207.9	2909.8	2298.1
The unemployed	368.9	175.3	193.6	164.5	73.4	91.1
The discouraged	148.3	55.3	93.0	124.8 ¹⁾	49.8	75.0
	Ratio of the number of the discouraged to the numbers of the unemployed and the employed					
The discouraged / The unemployed × 100	40.2	31.6	48.0	75.9	67.8	82.4
The discouraged / The employed × 100	3.0	2.0	4.3	2.4	1.7	3.3

¹⁾ In Q4 2017 the number of the discouraged reached 119.1 thousand persons, according to preliminary data, and preliminary data for the whole year 2017 is 123.4 thousand persons.

Source: CZSO, Labour Force Sample Survey

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Options to use these inactive persons greatly depend on the place of residence of the respondents. It was revealed that the ratio of the discouraged to the employed is the highest in the Liberecký Region, followed by the Pardubický Region, Ústecký Region, and Vysočina Region; in all of them it was 3.0 or higher. Conversely, the lowest one was in the Jihočeský Region and Plzeňský Region with a value below 2.0.

It is interesting that differences in the numbers of the inactive persons willing to work in respective age groups of the productive age are very low. The numbers of such person in the six five-year age groups up to the age of 45 years fall with 11.2 thousand persons to 12.7 thousand persons. Their numbers in older age is close to these data.

Differences in the age structure in males and females are relatively more important. Females' numbers dominate the numbers of males from 20 up to 55 years of age; namely from 30 to 45 years of age. It is clear that in younger females the important factor for economic inactivity is taking care of their families.

Numbers of inactive males and females willing to work by age group in Q1–Q3 2017

The discouraged	Total	Age groups										
		15-19 years	20-24 years	25-29 years	30-34 years	35-39 years	40-44 years	45-49 years	50-54 years	55-59 years	60-64 years	65+ years
Total	124.8	11.3	12.7	12.3	11.2	12.0	12.4	9.3	9.8	11.9	9.9	11.8
Males	49.8	5.8	5.1	4.2	3.1	3.0	3.1	3.8	4.4	6.1	5.6	5.5
Females	75.0	5.5	7.6	8.1	8.1	9.0	9.3	5.6	5.5	5.8	4.3	6.3

Source: CZSO, Labour Force Sample Survey

A faster growth in the number of inactive females having a higher educational attainment leads to the share of the discouraged females having secondary education with A-level examination and higher education was 53%. In absolute figures it was almost 40 thousand persons of the total number of 75 thousand females. While the corresponding number of males with alike educational attainment reaches solely a bit more than one third of the number of males classified as the inactive willing to work.

Differences in the numbers of the discouraged males and females are determined namely by the number of persons classified as housepersons

The sample survey measures the usual economic position of respondents according to perception of the interviewed persons. This means it is not related to the reference period only as the strict interpretation of the classification of the employed, the unemployed, and economically inactive requires according to the methodology of the International Labour Organisation (ILO). The respondents most frequently give that they belong to the groups of old-age pensioners and disability pensioners, unemployed persons, and to the group of housepersons.

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Note:

The housepersons include all persons on maternity leave and parental leave. The category of old-age pensioners includes pensioners having premature old-age pensions and regular old-age pensions. Pensioners with disability pensions include all disability pensioners with disability of the third degree yet also those with disability of the first and second disability degrees. Persons, taken as the unemployed within the common economic position, which is based the statement on their own perception, therefore cannot be taken as the unemployed according to the ILO definition, which is related to respondent's activities on the labour market in the reference week.

Usual economic positions of inactive males and females willing to work in Q1–Q3 2017

The discouraged	Total	Of which by usual economic position				
		In the education process	Old-age pensioners, incl. premature pensions	Pensioners with disability pensions, incl. partial disability pensions	The unemployed	Housepersons incl. those on maternity and parental leaves
Total	124.8	20.3	16.6	34.0	26.6	24.4
Males	49.8	9.7	6.8	18.4	13.0	1.0
Females	75.0	10.6	9.9	15.6	13.6	23.4

Source: CZSO, Labour Force Sample Survey

Majority of the discouraged has already had some work experience

The prevailing portion of the discouraged worked sometime in the past. For the three quarters of the last year there were 97 thousand persons like this on average. The number of those who never worked reached almost 28 thousand persons. The sample survey also measures data on economic sections (CZ-NACE) in which the discouraged had some work experience in the last eight years (71 thousand persons). An important portion of those was employed in manufacturing. A great number of them worked in also in trade organisations and then in public administration, education, and in human health and social work activities. Almost two thirds of all respondents, in which some work experience was determined, worked in these five sections of major industries of the CZ-NACE.

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Numbers of inactive males and females willing to work and having a former work experience in selected CZ-NACE sections in Q1–Q3 of 2017

Thousand persons

The discouraged	Total	Of which those who worked in the last 8 years in selected CZ-NACE sections							
		Total	CZ-NACE section						
			Manufacturing	Construction	Wholesale and retail trade; repair of motor vehicles and	Accommodation and food service activities	Public administration and defence; compulsory social security	Education	Human health and social work activities
Total	96.9	70.6	17.2	4.4	10.4	3.8	6.4	5.5	5.2
Males	35.9	26.3	7.9	4.1	1.8	0.7	2.3	1.1	1.1
Females	61.0	44.3	9.4	0.3	8.7	3.1	4.1	4.4	4.2

Source: CZSO, Labour Force Sample Survey

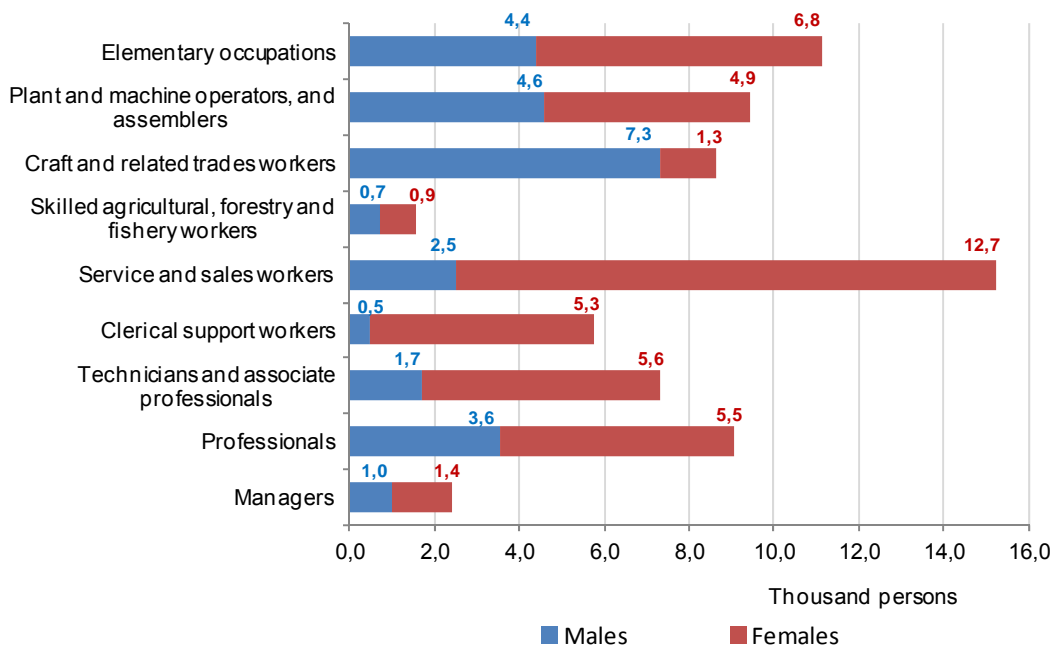
Data on the same circle of persons were also monitored concerning their classification according to the International Standard Classification of Occupations 2008 (CZ-ISCO-08). Except for the main group of 'craft and related trades workers', all other major groups are dominated by females over males, namely the major groups of 'service and sales workers' and 'clerical support workers', yet also in occupations often requiring higher education as 'professionals' or 'technicians and associate professionals'.

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Numbers of inactive males and females willing to work and having former work experience in selected major groups of the CZ-ISCO in Q1–Q3 2017^{*)}



^{*)} Data measure persons who worked in the last eight years.

Source: CZSO, Labour Force Sample Survey

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The number of the inactive persons who are willing to work reached almost 125 thousand persons in Q1–Q3 of 2017. But not of all of them are able to join quickly a job if a suitable job is found for them. Merely 40 thousand of them stated they are able to join a job within a fortnight. This number is slightly dominated by females (22 thousand persons) over males (less than 18 thousand persons). These data document a high level of usage of available labour force resources on the labour market as well.

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