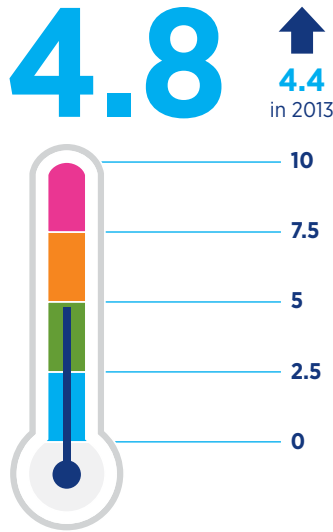# CZECH REPUBLIC

Country profile

The Czech Republic's score of 4.8 represents a moderate increase in labour pressure over last year.

This is consistent with the improving state of the economy, GDP is expected to rise by 3% this year.

Moreover, the unemployment rate is expected to fall to 6.5%.

Longer term, however, a rapidly ageing labour force will soon lead to declines in the overall Czech workforce and this will put added stress on the labour markets.
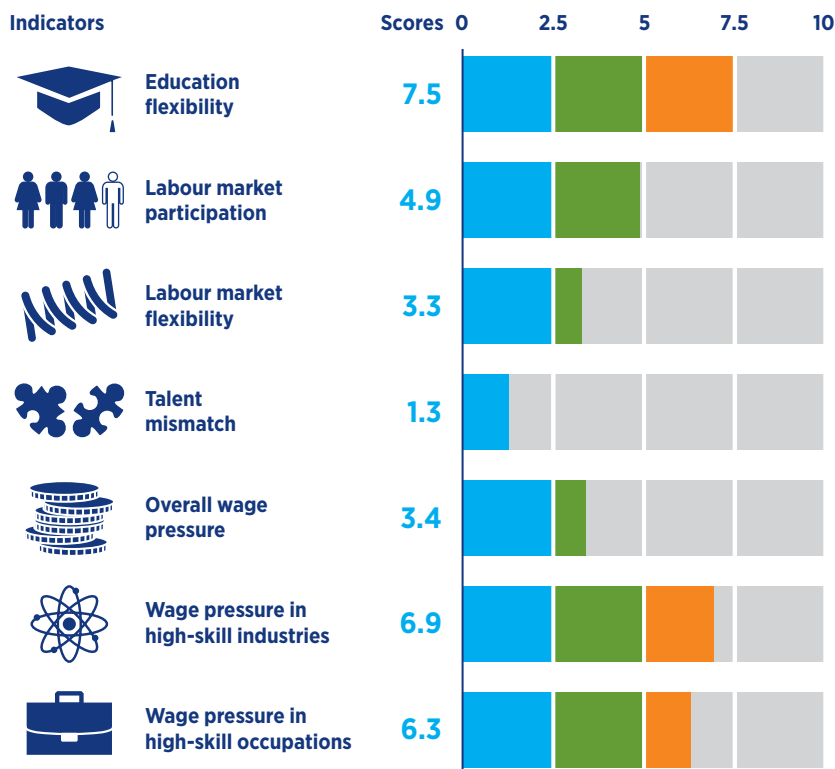
Overall score

4.8 ↑

4.4 in 2013

- 10
- 7.5
- 5
- 2.5
- 0

Background economic data

	2013	2014†
Population	10.5m	**10.5m**
GDP		
GDP (Billion CZK*)	3,986	**4,107**
GDP growth	-0.9%	**3.0%**
GDP/head (CZK*)	378,800	**390,100**
Unemployment		
Unemployment rate	7.0%	**6.5%**
Long-term unempl. rate	3.0%	**2.8%**

*2014 prices   †Average forecast figures for 2014

Breakdown of seven indicator scores

Indicators	Scores
Education flexibility	7.5
Labour market participation	4.9
Labour market flexibility	3.3
Talent mismatch	1.3
Overall wage pressure	3.4
Wage pressure in high-skill industries	6.9
Wage pressure in high-skill occupations	6.3

Key finding

Reflecting the overall improvement in the Czech economy, wage pressure in both high-skill industries and overall wage pressure in general, increased over last year.

Downward pressure from:

- Talent mismatch
- Job vacancies
- Labour market regulations

Upward pressure from:

- Wage pressure in high-skill industries
- Wage pressure in high-skill occupations
- Education levels

View from the ground

Czech Republic is a target destination for investors from the automotive, IT and engineering sectors. This increases the demand for highly-skilled employees and graduates with relevant technical and language skills, which in turn has created a shortage of skilled talent and wage pressure. Technical hubs in Prague, Brno and Pilsen are working with education establishments to allow graduates to gain relevant experience during studies and raise their own labour market value. Due to government instability it is hard to expect structural changes, but changes that would need to be made include decreasing labour taxation, removing the bureaucratic obstacles for employing non-EU professionals and supporting technical education platforms.

Petr Vidmar, Operations Manager, Hays Czech Republic

EUROPE

Note: The analysis on which the Hays Global Skills Index was based utilised data as of Q2 2014. Developments subsequent to this date are not reflected in the 2014 findings.