

Labour Market and Employment Policy
Spring 2025

Labour market characteristics

Week 1

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Quick review of labour market terminology

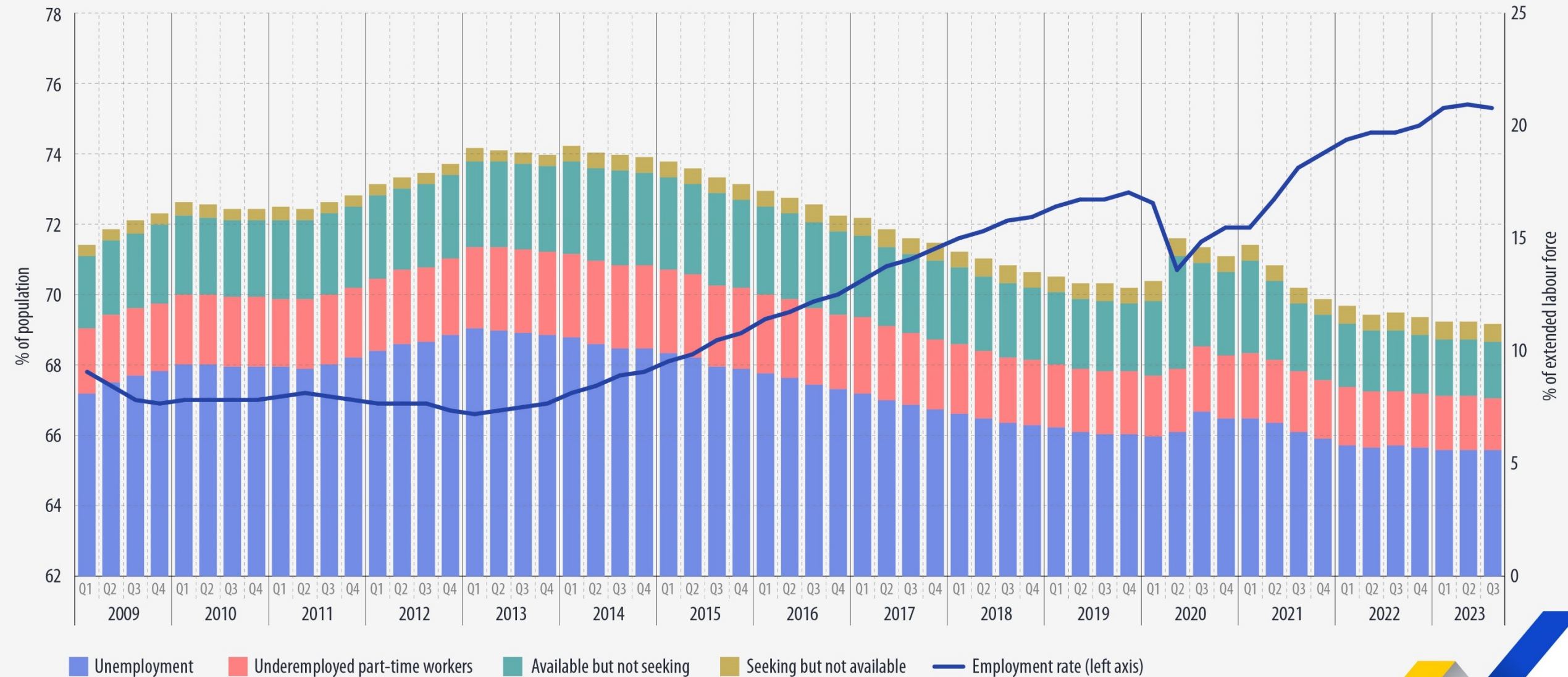
- Working age population
- Employed
- Unemployed
- Economically active population
- Inactive (Out of labour force)
- Workforce or labour force
- Long-term unemployed
- Registered unemployment
- Vacancy

Quick review of labour market terminology

- Labour supply
- Labour demand
- Labour market tightness
- Number of vacancies per unemployed worker
- Job posting
- Job seeker
- Self-employment
- Job insecurity
- Labour market slack

Employment rate and labour market slack in the EU

(Q1 2009 to Q3 2023, population aged 20-64, seasonally adjusted data)

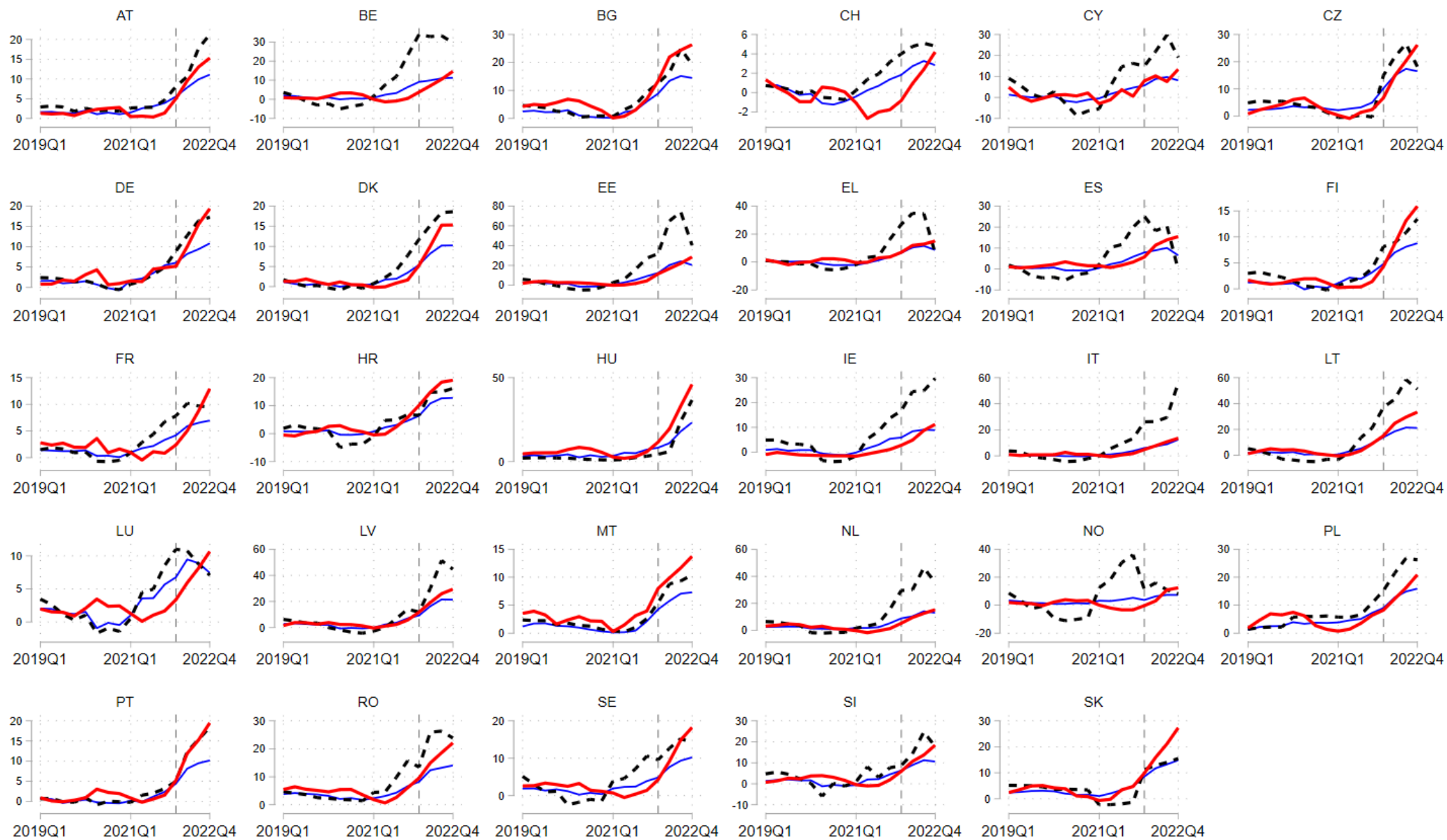


Quick review of labour market terminology

- Youth unemployment
- Reservation wage
- Median wage
- Minimum wage
- Collective wage agreements
- Living wage

Which of the following affects a person's decision to work?

- A. The price of consumption goods relative to the wage.
- B. The person's income from non-labor sources.
- C. How much the person enjoys working.
- D. The amount of fringe benefits offered to the person.
- E. All of the above affect a person's decision to work.

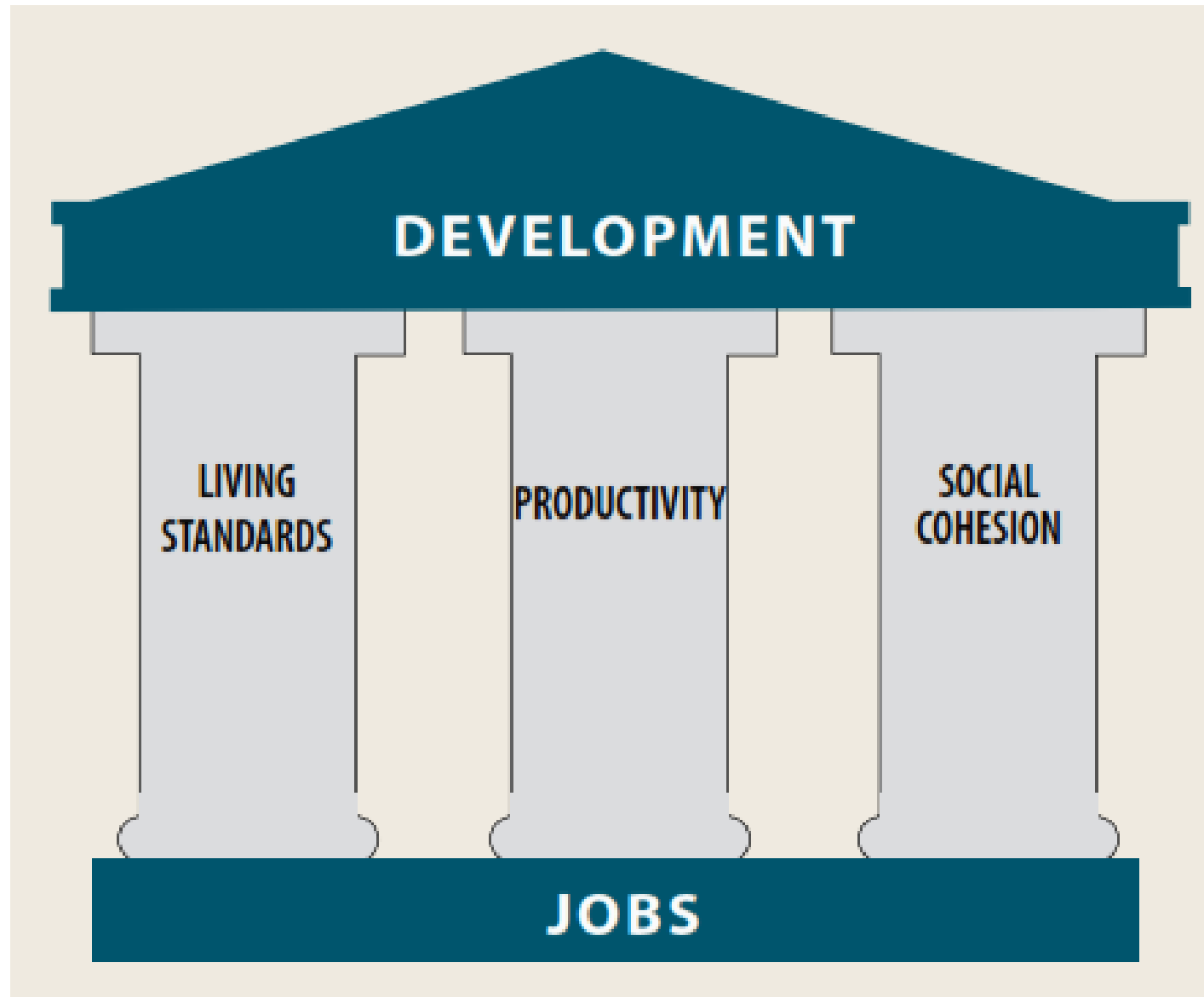


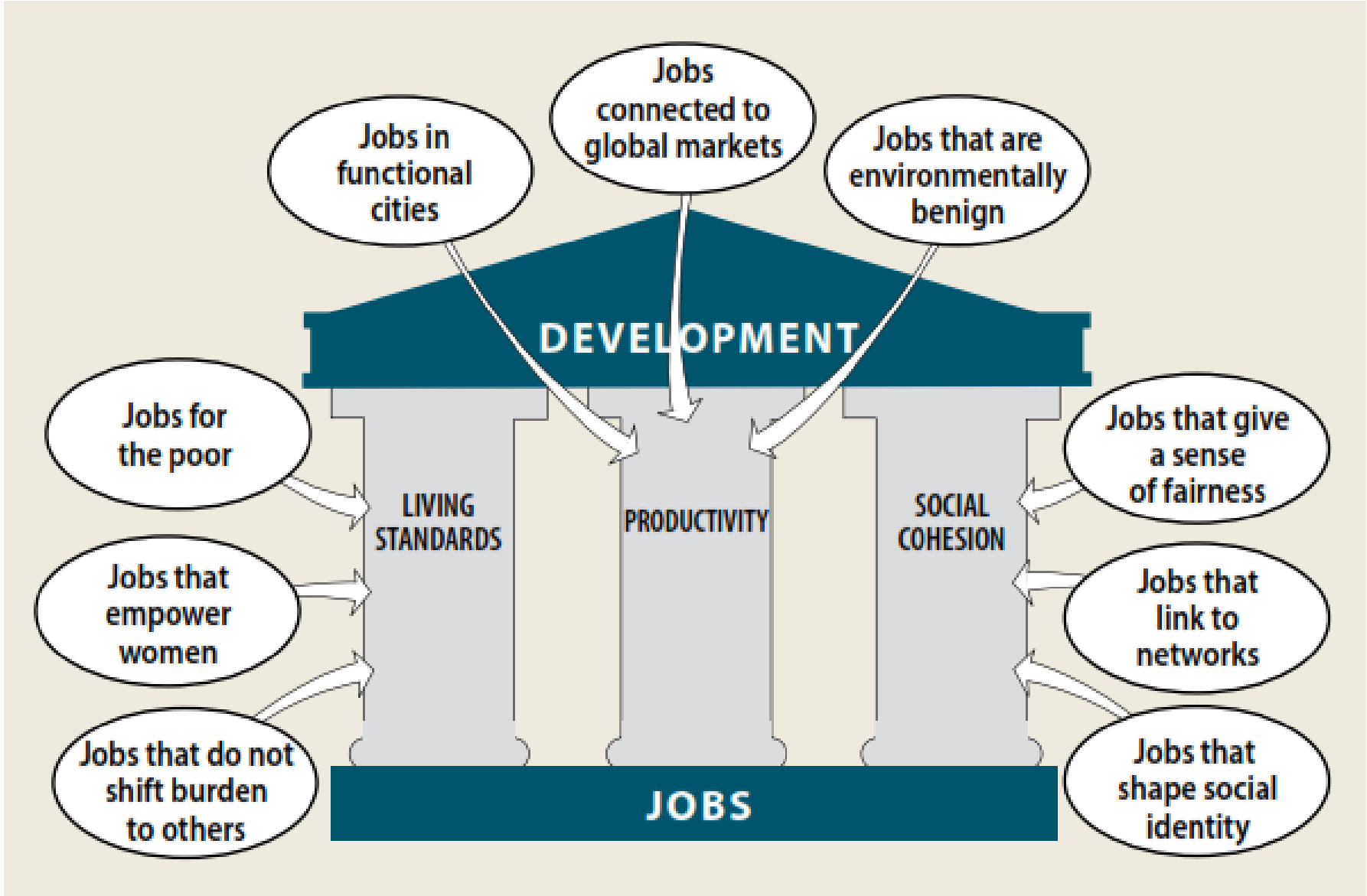
— CPI total - - - - CPI housing, water, gas, electricity — CPI food

Price hikes (Eurostat CPI data)

Everyone wants a good job

- Jobs boost productivity and growth
- Jobs are linked to a decline in poverty
- Jobs create social cohesion
- Job gives people dignity
- Job contributes to personal well-being
- Job provides **income** to live





Wage employment is not a standard everywhere



Source: World Development Report 2013 team.
Note: Data are for the most recent year available.

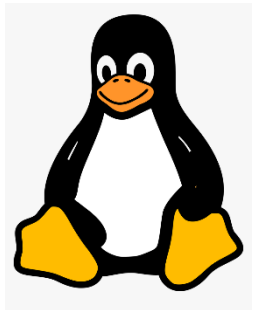
3 signs that something is a motivator in your work:

1. You look forward to doing it
2. You feel energized while doing it
3. When you talk about it later, you light up



What motivates us at work? More than money

- Seeing the fruits of our labor may make us more productive
- The meaningfulness of our work, by others' acknowledgement
- Knowing that our work helps others may increase our unconscious motivation
- We are purpose maximizers more than profit maximizers
- Eliminating motivation seems to be incredibly easy
- Are holidays a good way to motivate workers?



Watch video at 9:50

https://www.ted.com/talks/dan_ariely_what_makes_us_feel_good_about_our_work

Would you prefer a fixed vacation policy or one where you decide how much time you should take off?

- 9% of companies around the world offer unlimited paid annual leave
- The benefits to the employer include less bureaucracy to track vacations, no need to pay out unused vacation; encourages a culture of self-governance (a shift in the responsibility to employee)
- Unlimited vacation is the employer version of “All You Can Eat” buffets, where for every one person who can eat their body weight equivalent of food, many others will not.
- The reality of today’s workplace coupled with human nature make this arrangement more beneficial to the employer than the employee.

CATBERT: EVIL DIRECTOR OF HUMAN RESOURCES

WE'RE JUMPING ON THE FAD OF GIVING EMPLOYEES UNLIMITED VACATION DAYS.



Dilbert.com DilbertCartoonist@gmail.com

THE ONLY GATING FACTOR WILL BE THE KNOWLEDGE THAT TAKING ANY TIME OFF WHATSOEVER WILL TORPEDO YOUR CAREER.



10-22-13 © 2013 Scott Adams, Inc./Dist. by Universal Uclick

SO ... NOW OUR VACATIONS WILL BE A SOURCE OF STRESS?

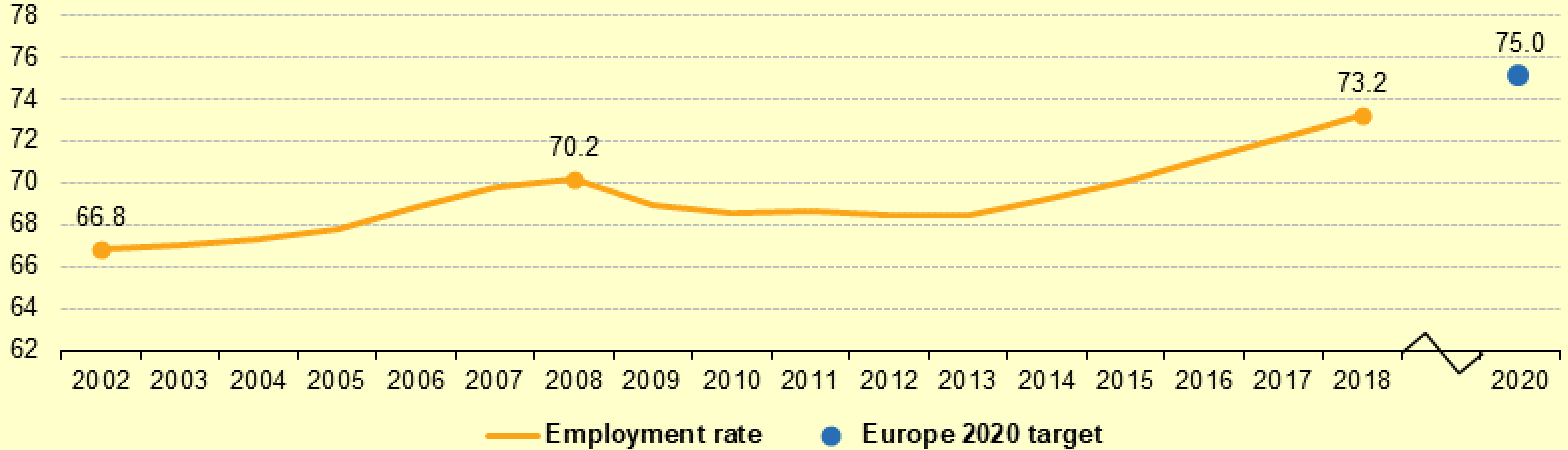
ONLY AS MUCH AS YOU WANT. IT'S TOTALLY UP TO YOU.



Employment

Employment rate age group 20 to 64, EU-28, 2002-2018

(%)



Source: Eurostat (online data code: t2020_10)

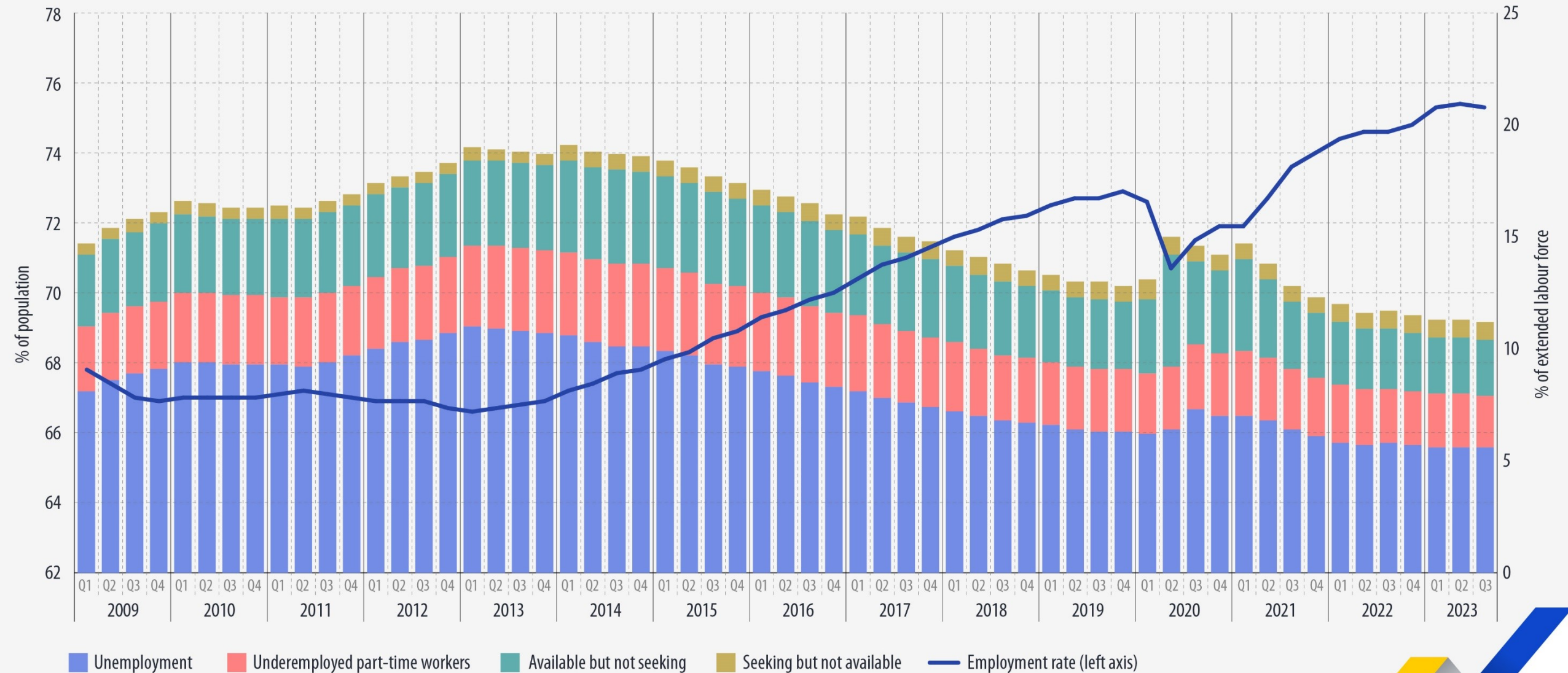
eurostat 

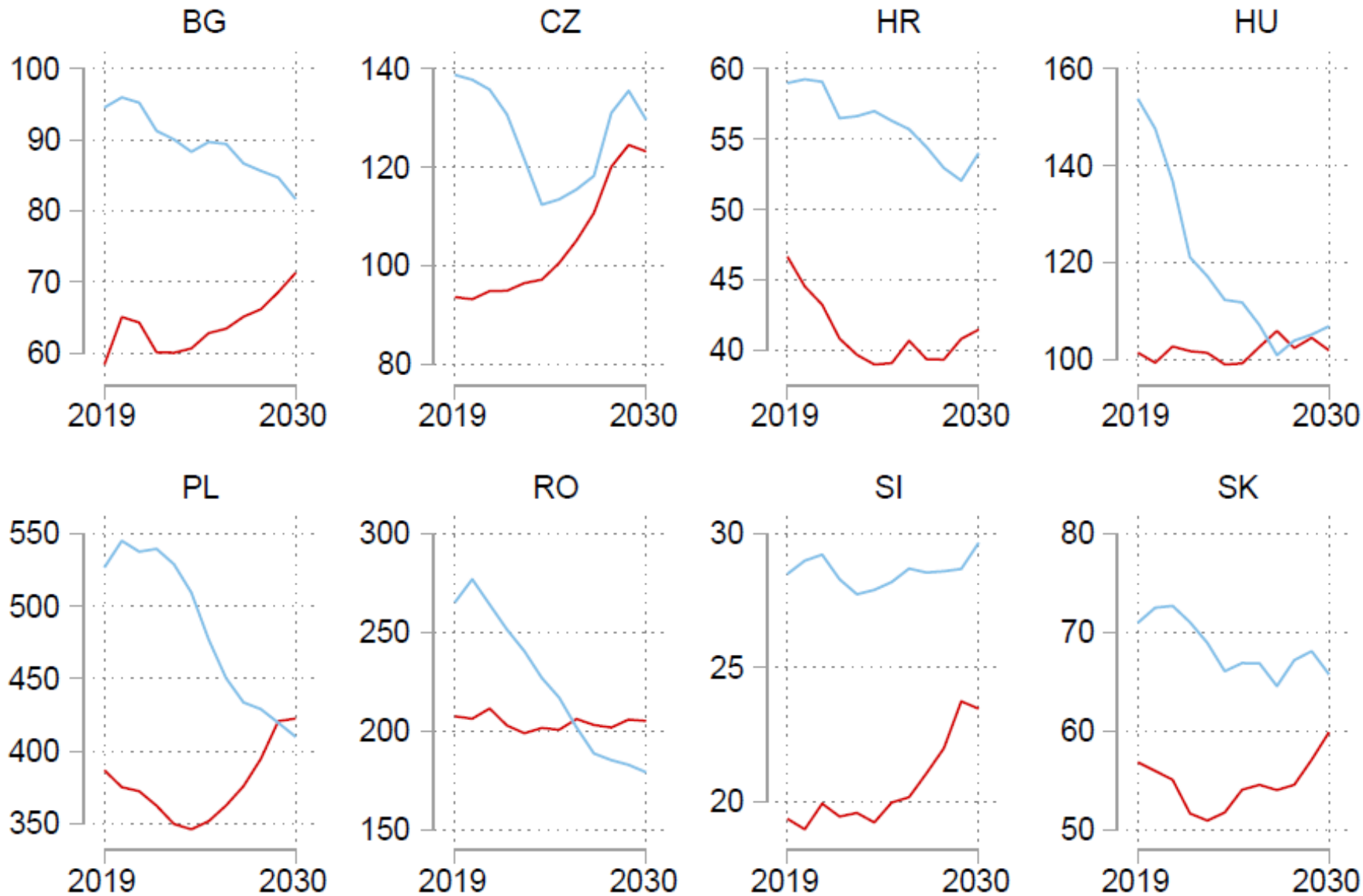
In 2018 the overall employment rate in the EU reached 73.2 %. If the employment rate keeps increasing at the pace recorded since 2013, the Europe 2020 target would be within reach.

In 2020 the employment rate in the EU stood at 72.4 % for persons aged 20-64, dropping for the first time since 2013 due to the impact of COVID-19 measures on the labour market.

Employment rate and labour market slack in the EU

(Q1 2009 to Q3 2023, population aged 20-64, seasonally adjusted data)





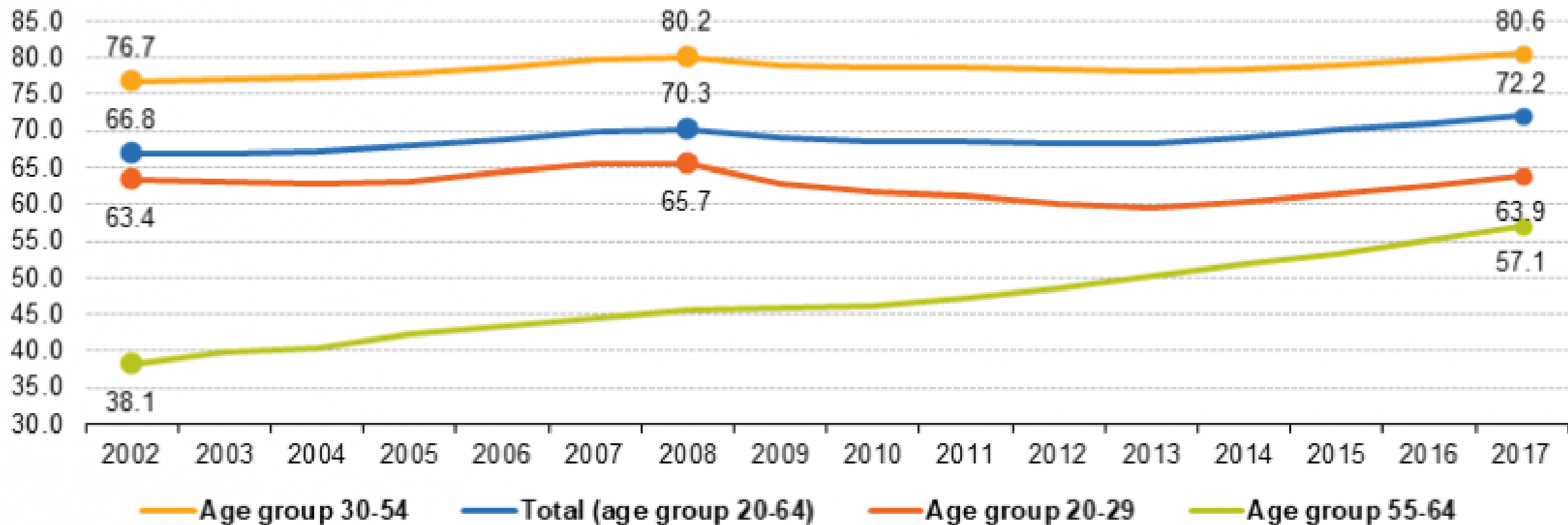
— Inflow of labour supply (20-years-old)
— Outflow of labour supply (64-years-old)

Demographic development in the EEE significantly impacts the size of workforce

Before 2030, it is only in Hungary and Romania that the inflow of 20-year-olds is projected to outnumber the outflow of 64-year-olds.

Employment rate, by age group, EU-28, 2002-2017

(%)



Source: Eurostat (online data codes: ifsa_pganws and t2020_10)

Kedy prestávame pracovať? (2)

Aké faktory a o koľko posúvajú rozhodnutie o konci kariéry?

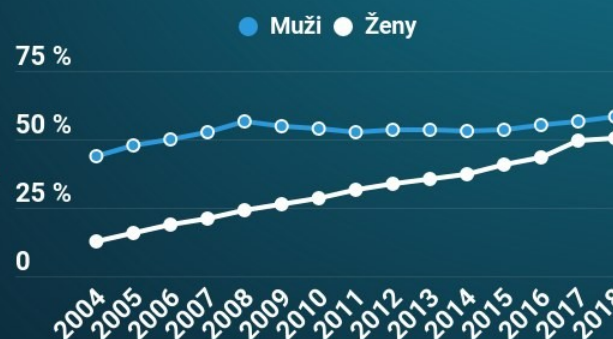
Rast dôchodkového veku zvyšuje zamestnanosť starších

Zákonný vek odchodu do dôchodku u mužov a žien



Zdroj: IFP

Miera zamestnanosti (%) vo vekovej kategórii 55 až 64 rokov



Zdroj: Eurostat

Pracovať prestávame pred, aj po dosiahnutí dôchodkového veku

Podiel pracujúcich* v príslušnom veku (%) v roku 2017



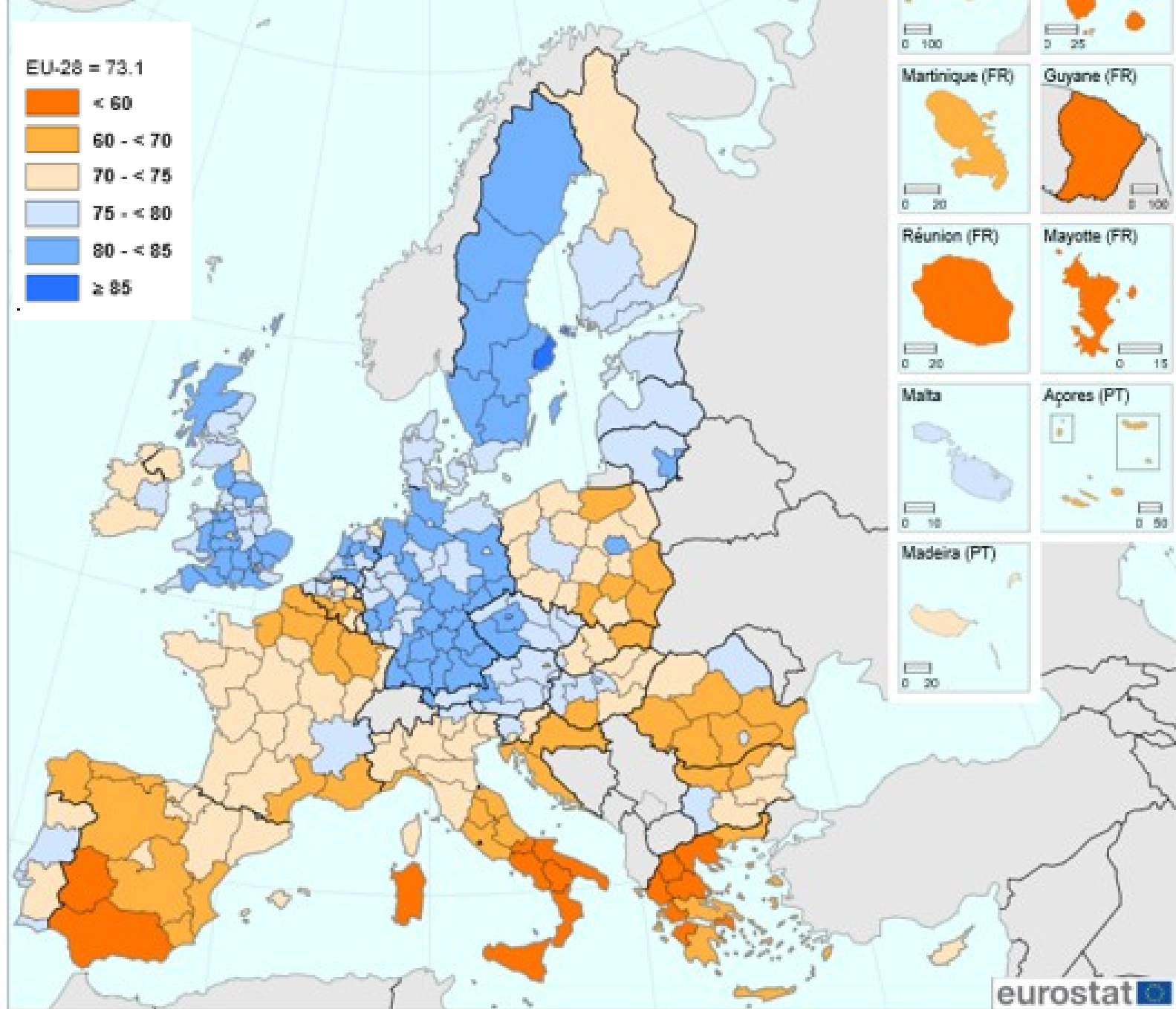
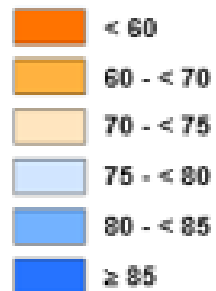
Zdroj: Sociálna poisťovňa, výpočty IFP

Dôchodkový vek je významným, no nie jediným faktorom konca kariéry - viac odhalíme spolu s OECD už čoskoro..



* Pozn.: V súlade s predpokladmi analýzy sa za pracujúceho považuje jednotlivec s príjmom aspoň 6-násobku min. mzdy/rok.

EU-28 = 73.1



**Employment rate age group 20 to 64, by NUTS 2 regions, 2017
(% of population aged 20 to 64)**

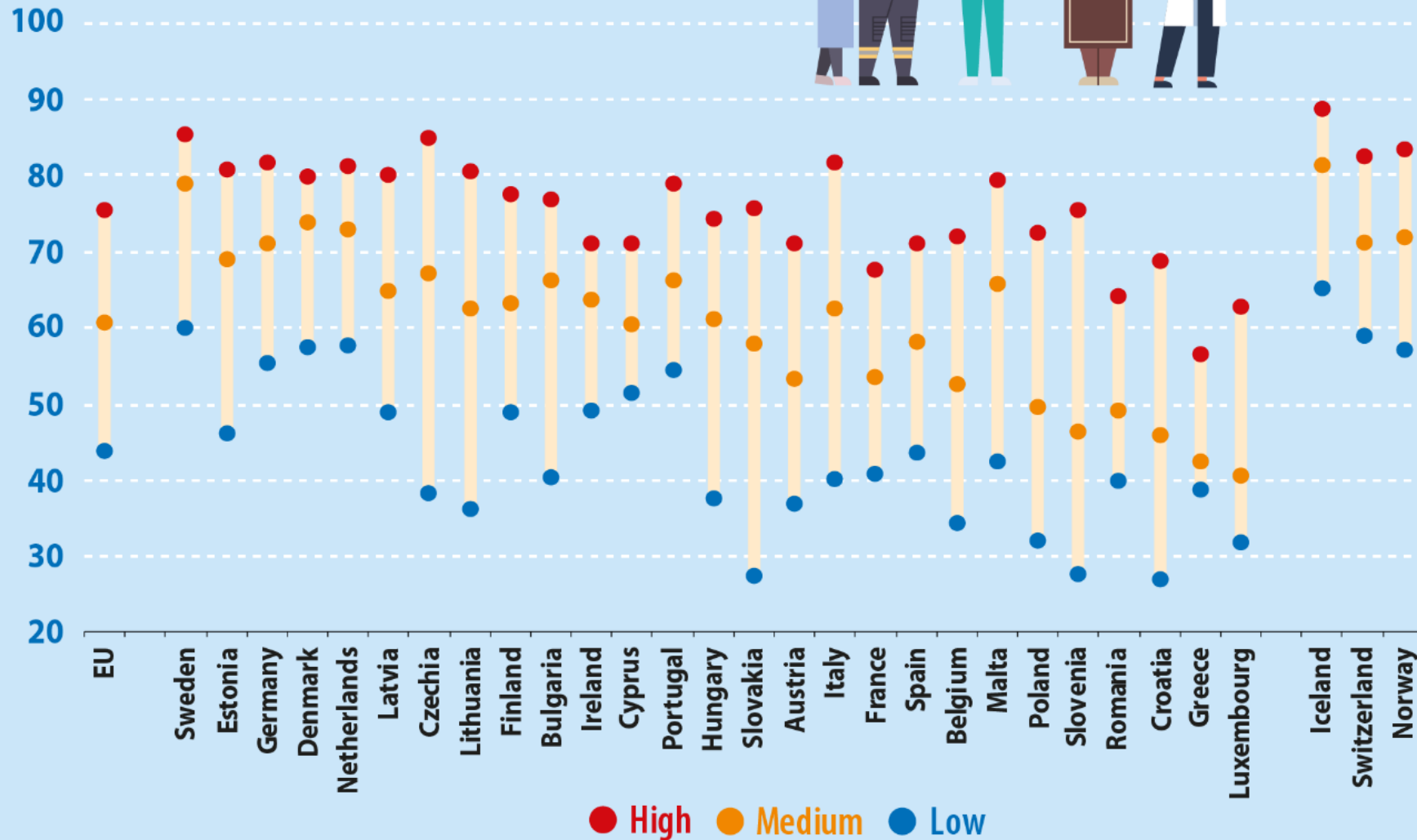
eurostat

Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat

Cartography: Eurostat – IMAGE, 07/2019

Employment rate by educational attainment level, 2020

(age group 55-64, in %)



Employment rate by presence of children, 2020

(% of the total population aged 25-54)

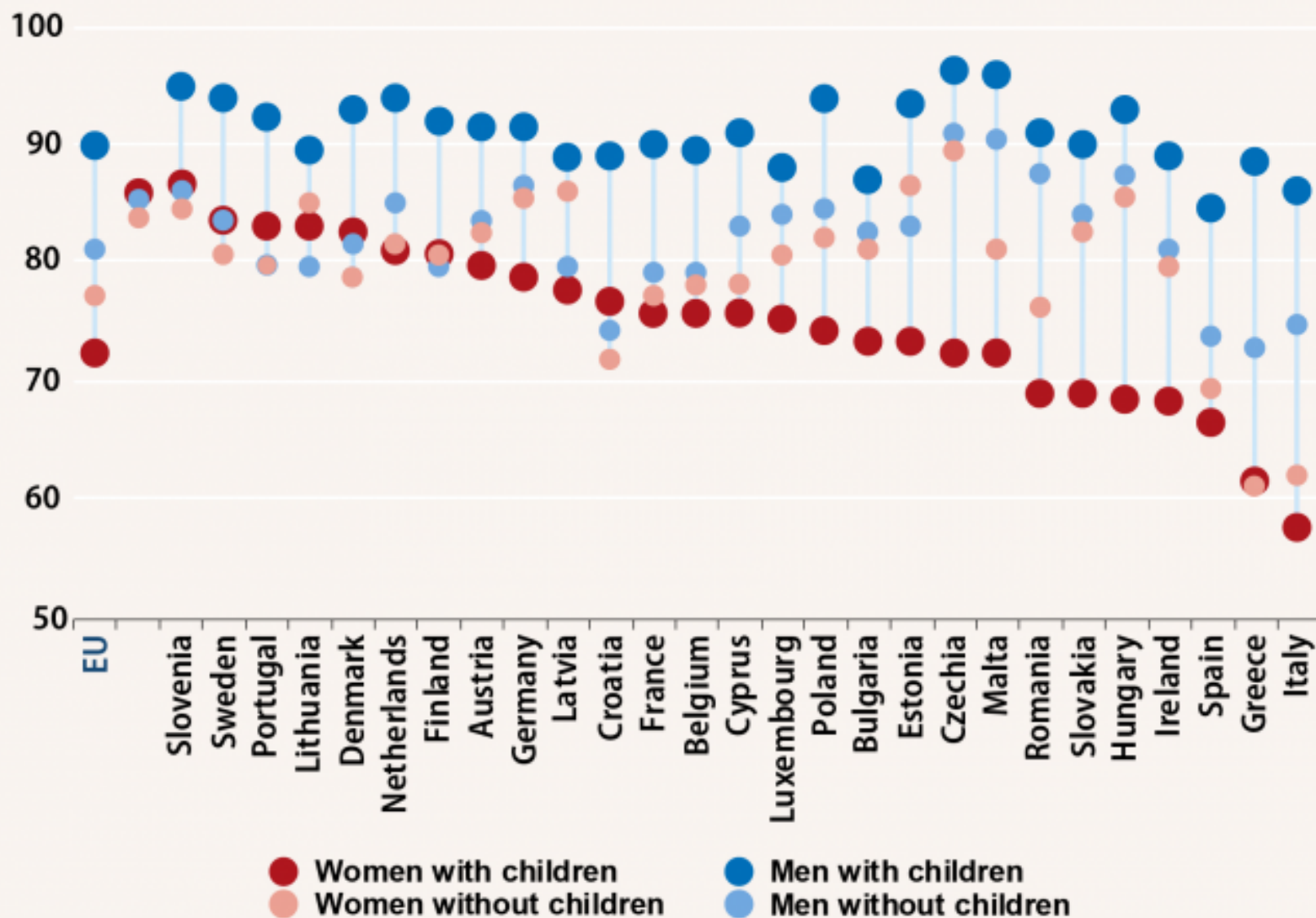
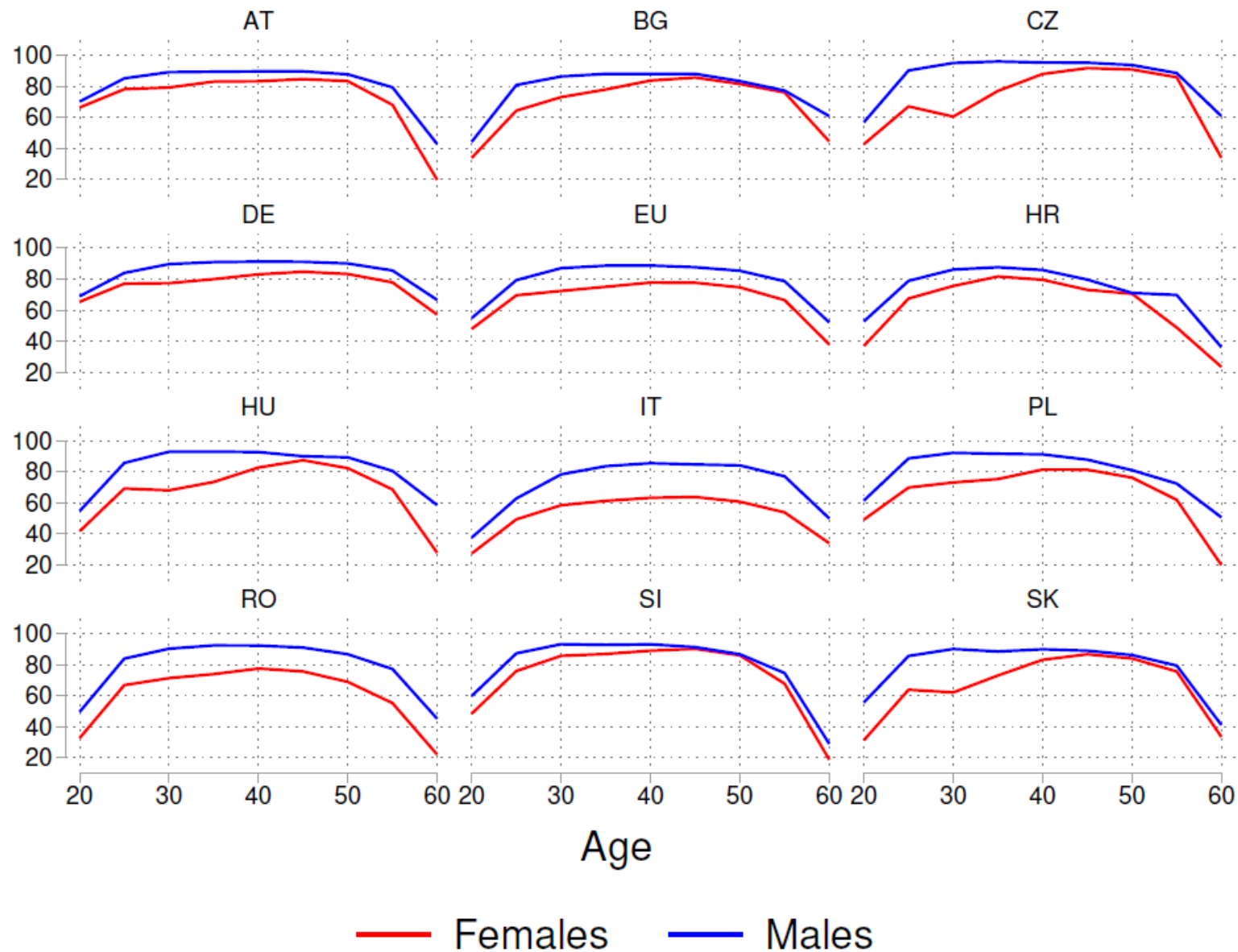


Fig. 4.13: Employment rates over the lifetime by gender, 2019

Data: Eurostat (2021e)



The gender gap in employment opens at childbearing age the most in Czechia, Hungary, Poland and Slovakia. Later, around the age of 50, the gender gap in employment almost closes in Bulgaria, Croatia, Czechia, Hungary, Poland, Slovakia and Slovenia.

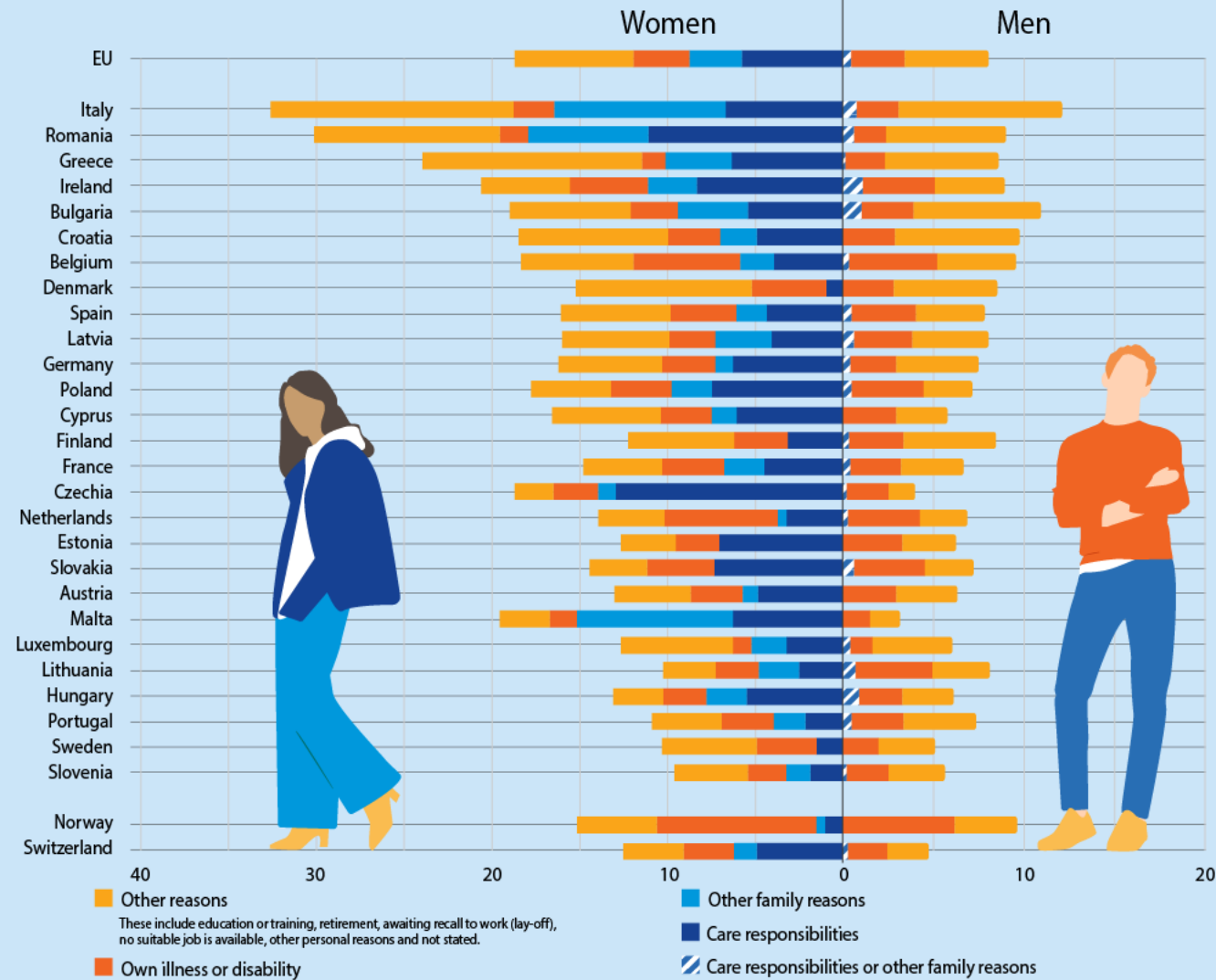
In addition, in Czechia and Slovakia, the maternal employment rate of tertiary educated women is among the lowest in the OECD (OECD, 2019).

In comparison, a drop in female employment at childbearing age is much lower in Austria and Germany.

When skilled labour is in short supply, taking advantage of female labour may provide a considerable boost to the economy.

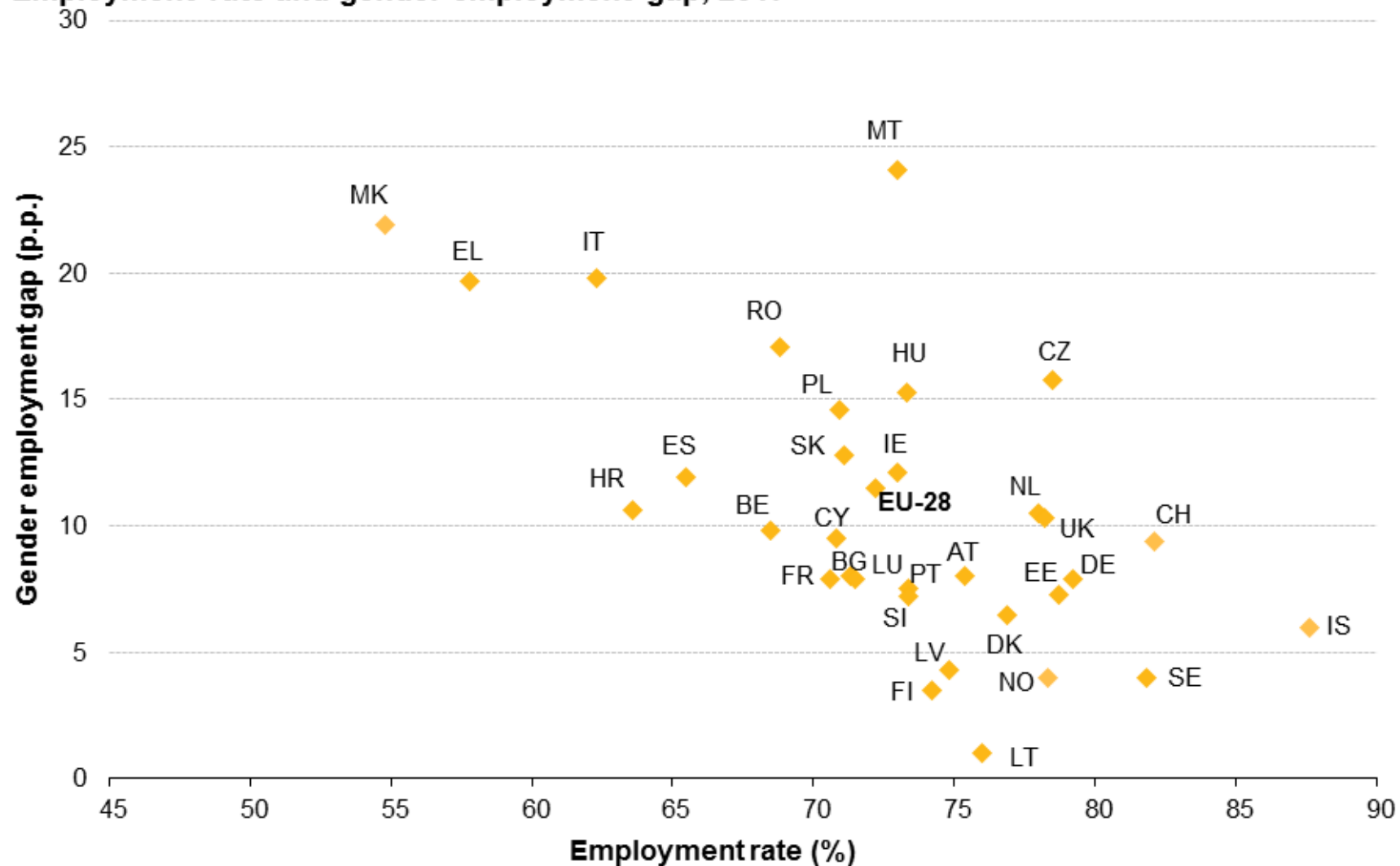
People outside the labour force not seeking employment, by sex and main reason, 2021

(age group 25-54, in % of total population)



Data reliability flags are available in the article's Excel file.

Employment rate and gender employment gap, 2017

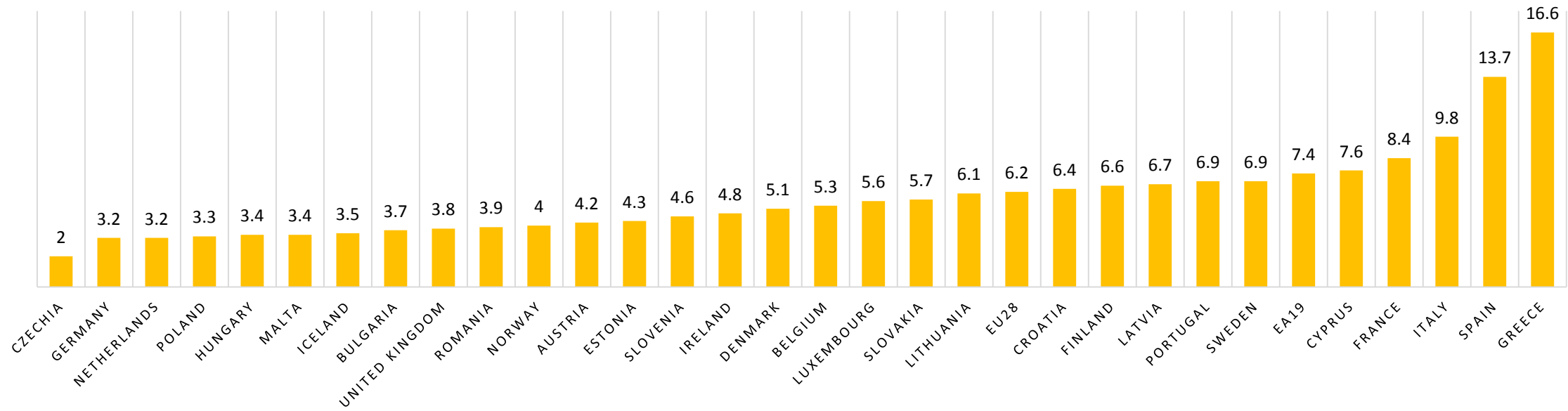


Note: Turkey, employment rate: 55.3 %, gender employment gap: 41.6 p.p.

Source: Eurostat (online data code: lfsi_emp_a)

Unemployment

Total Unemployment, Dec 2019



Youth (aged 15-24) unemployment, Dec 2019

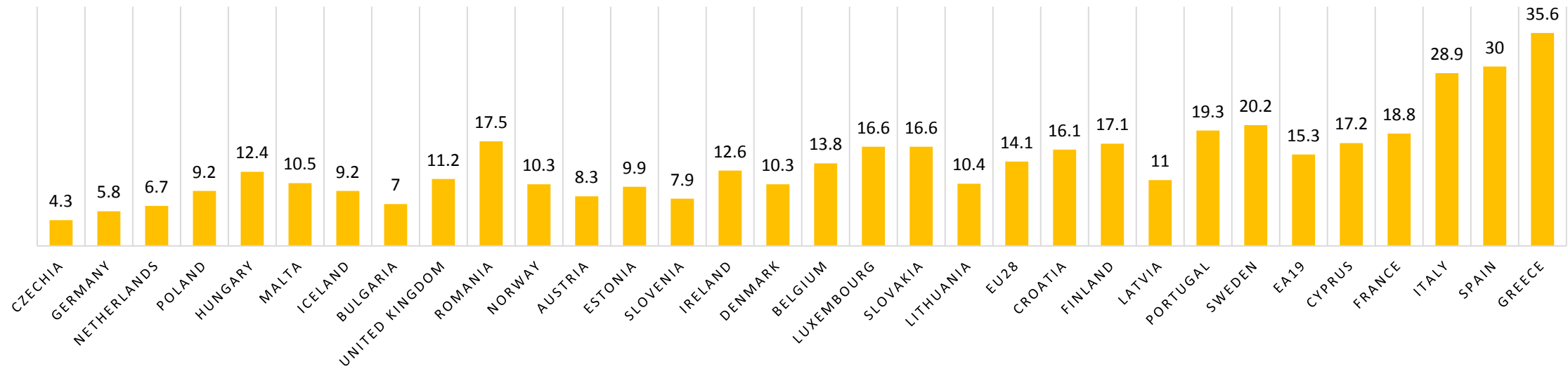
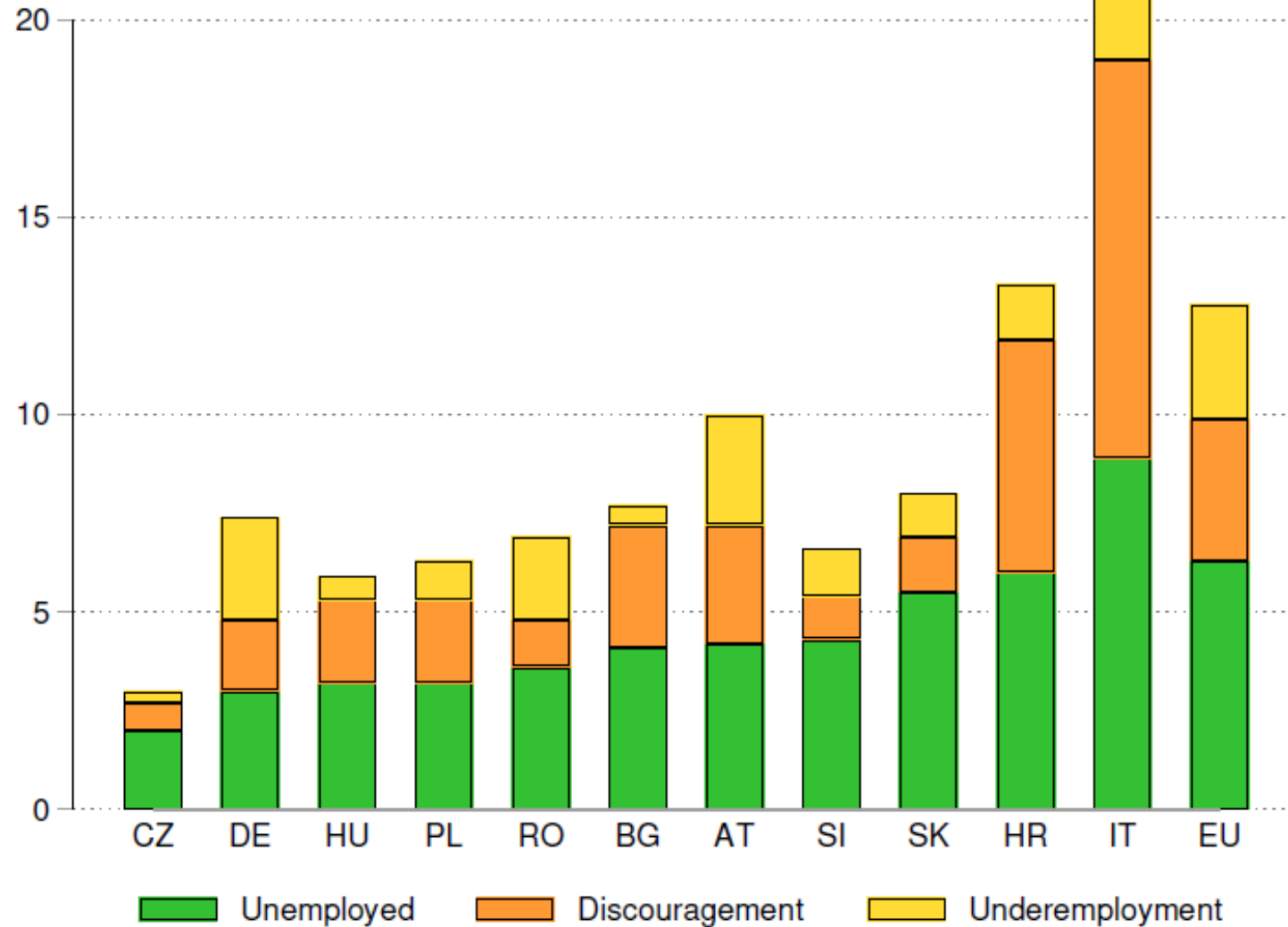


Fig. 4.11: Unemployment, discouragement, and underemployment (as a percentage of extended labour force), 2019

Data: Eurostat (2021e)



- Unemployment statistics might underestimate the total unmet demand for employment, also called the '**labour market slack**', which includes unemployed, discouraged, and underemployed workers.
- **Discouraged** workers (e.g., persons seeking work but not immediately available, or persons available but not seeking work) are close to unemployment but are not included in unemployment statistics.
- **Underemployment** includes involuntary part-time workers who wish to work more hours.

Fig. 4.8: The share of young people (15-24 year-olds) neither in employment nor in education and training (NEET)

Data: Eurostat (2021e)

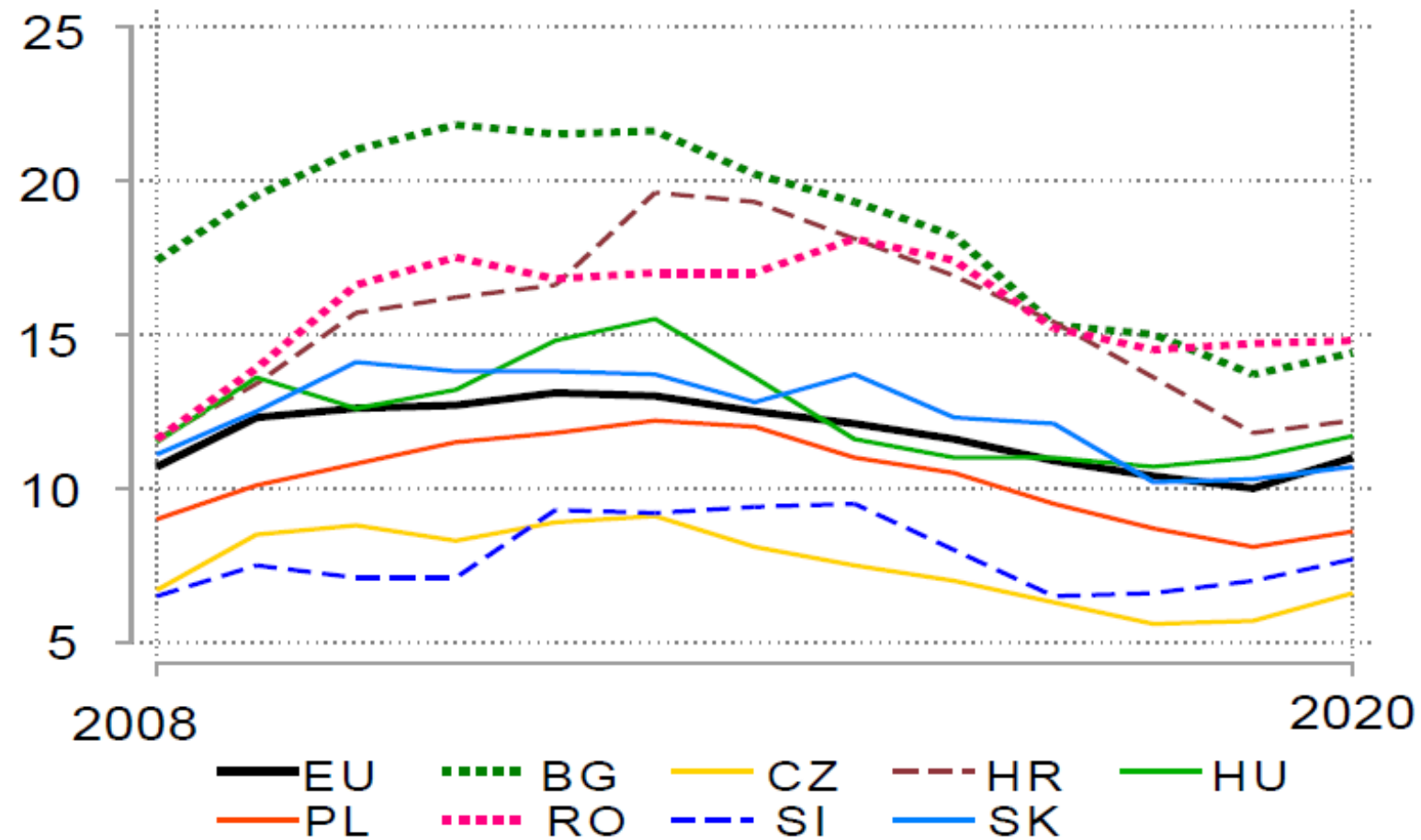


Fig. 4.9: The share of persons (20-64 year-olds) unemployed for 12 months or more in the total active population in the labour market
Data: Eurostat (2021e)

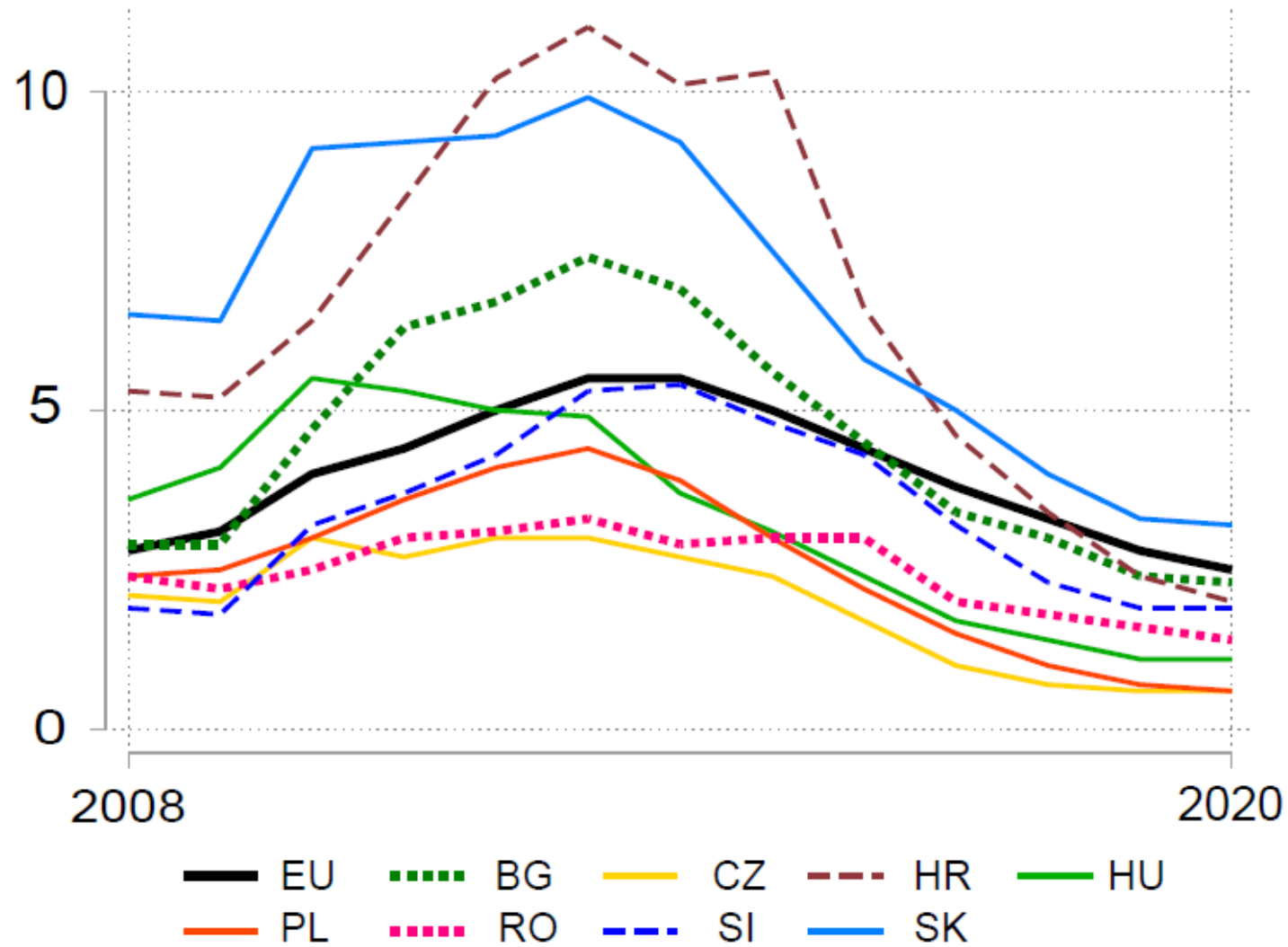
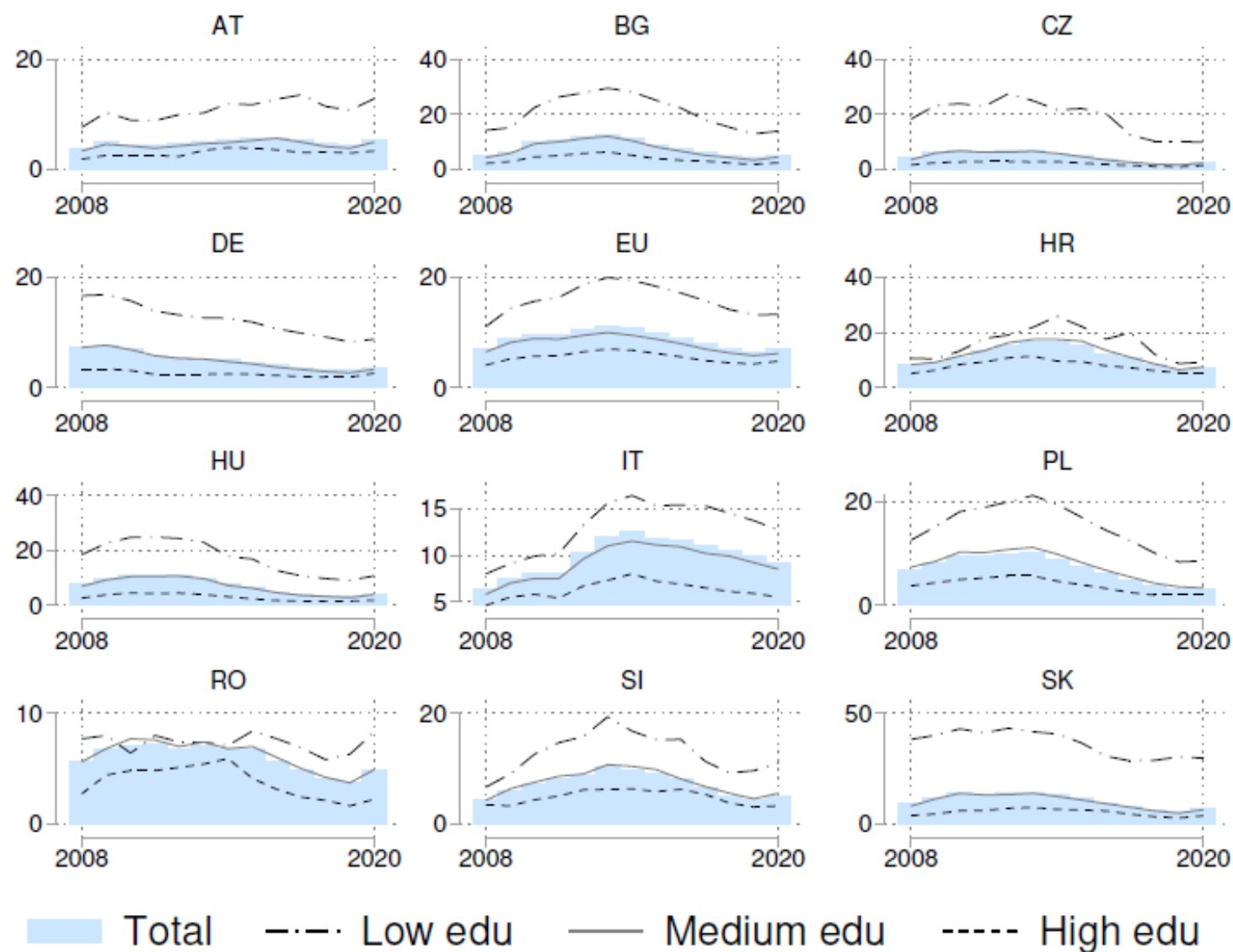


Fig. 4.7: Unemployment by educational attainment and total unemployment

Data: Eurostat (2021e)

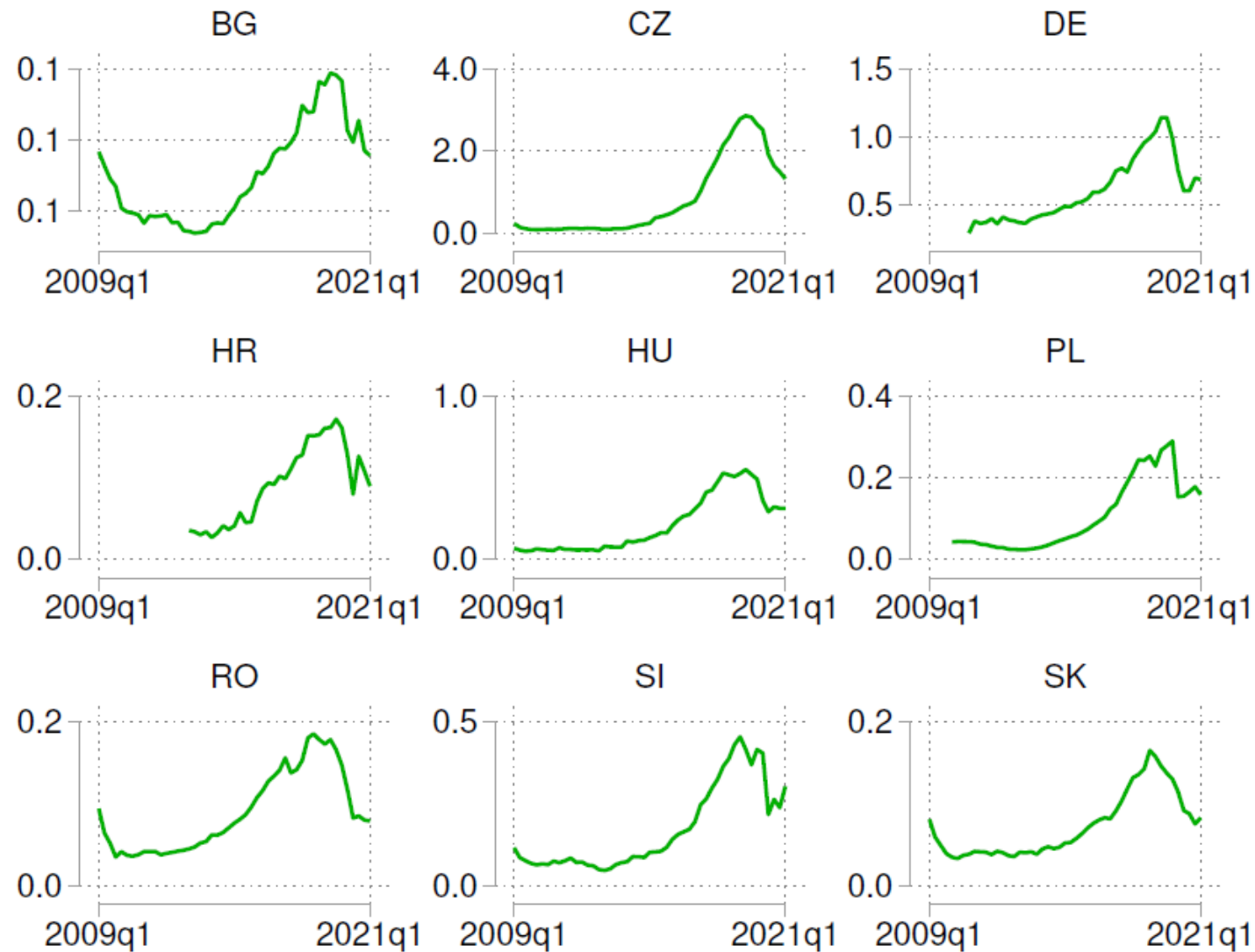


Labour shortage

Fig. 4.12: Labour market tightness, 2009-2021

Data: Eurostat (2021e, 2021d)

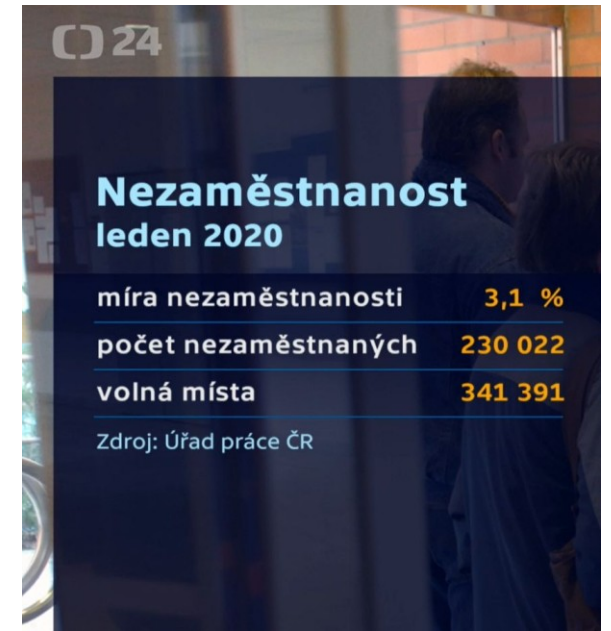
Note: Labour market tightness is the ratio of vacancies to the number of unemployed.



Labour market tightness is defined as the ratio of vacancies per unemployment.

Since 2015 **the number of posted vacancies** has been sharply increasing in all countries.

Job applicants and posted vacancies (in thousand)



In August 2019, employment offices in the Czech Republic posted more than 350,000 vacancies, which is the highest figure in the country's history. The shortage of workers is even higher because many companies in search of more qualified employees do not approach employment offices. Czech Chamber of Commerce estimates the economy currently lacks around half a million people.

Job applicants and posted vacancies (in thousand)

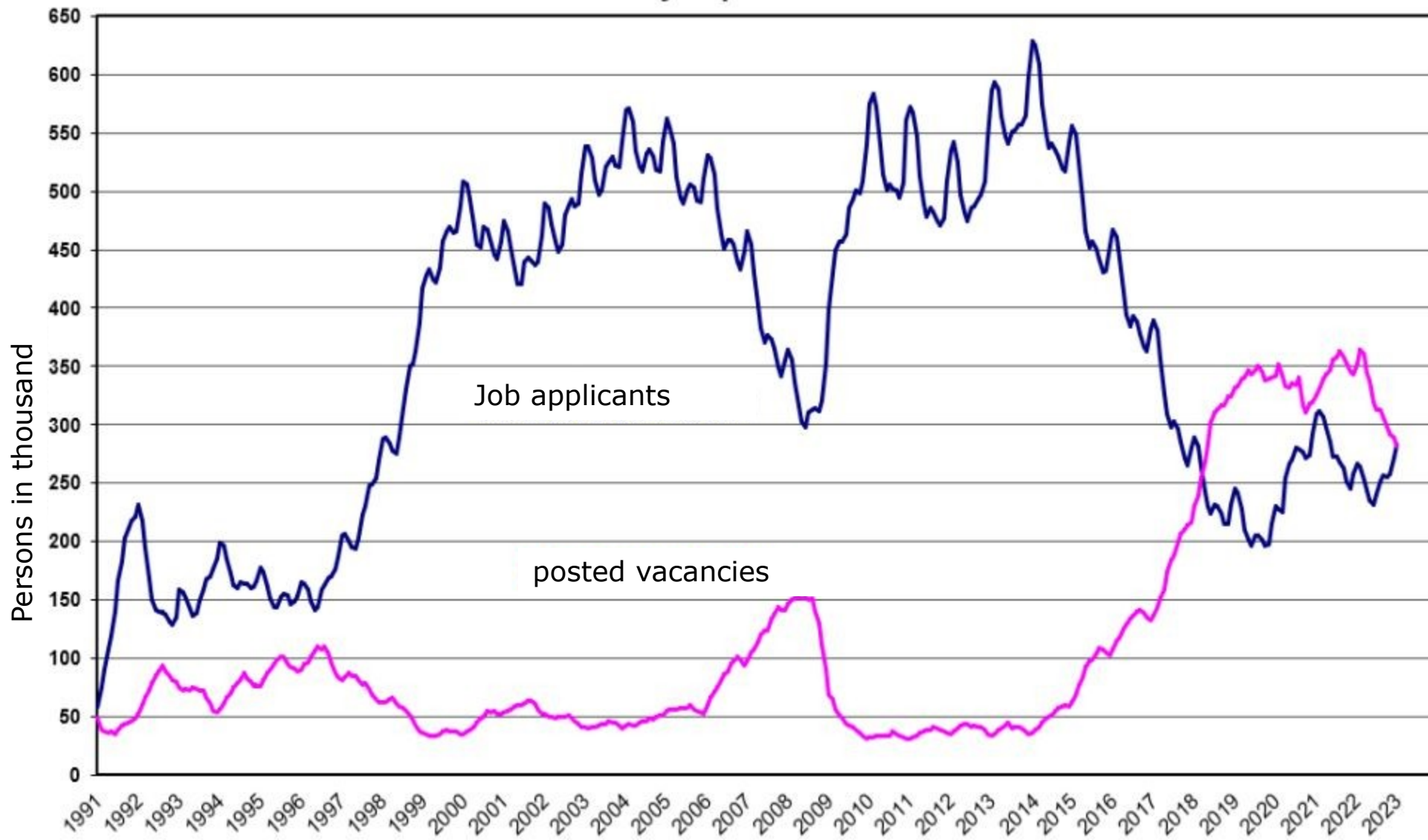
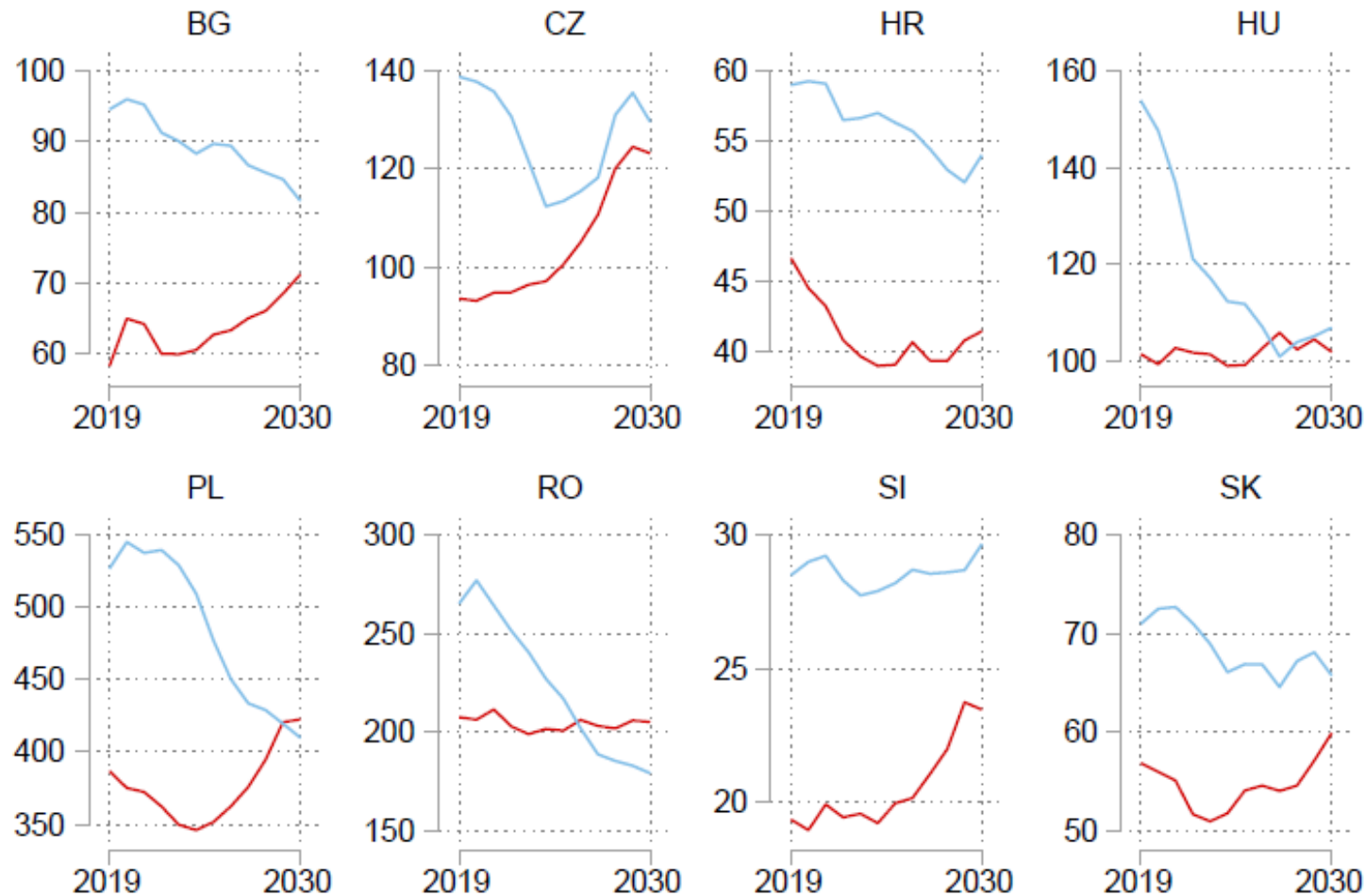


Fig. 4.1: Projection of labour supply in the labour market until 2030 (in thousands)

Data: Eurostat (2021h)

Note: Baseline population projections are assumed.



— Inflow of labour supply (20-years-old)
— Outflow of labour supply (64-years-old)

- **Demographic development** in the Central Europe has a significant impact on the size of workforce.
- The outflow of workers over the age of 64 exceeds the number of 20-year-olds entering the labour market
- Before 2030, it is only in Hungary and Romania that the inflow of 20-year-olds is projected to outnumber the outflow of 64-year-olds.
- The population is younger relative to the EU average but population ageing in some EEE is faster than in the EU.

Q: What strategies companies apply to deal with labour shortage?

Is immigration a solution to labour shortages?

Fig. 4.2: Migration inflow per 1000 inhabitants

Data: Eurostat (2021c)

Note: Definition of a migrant is based on the country of birth.

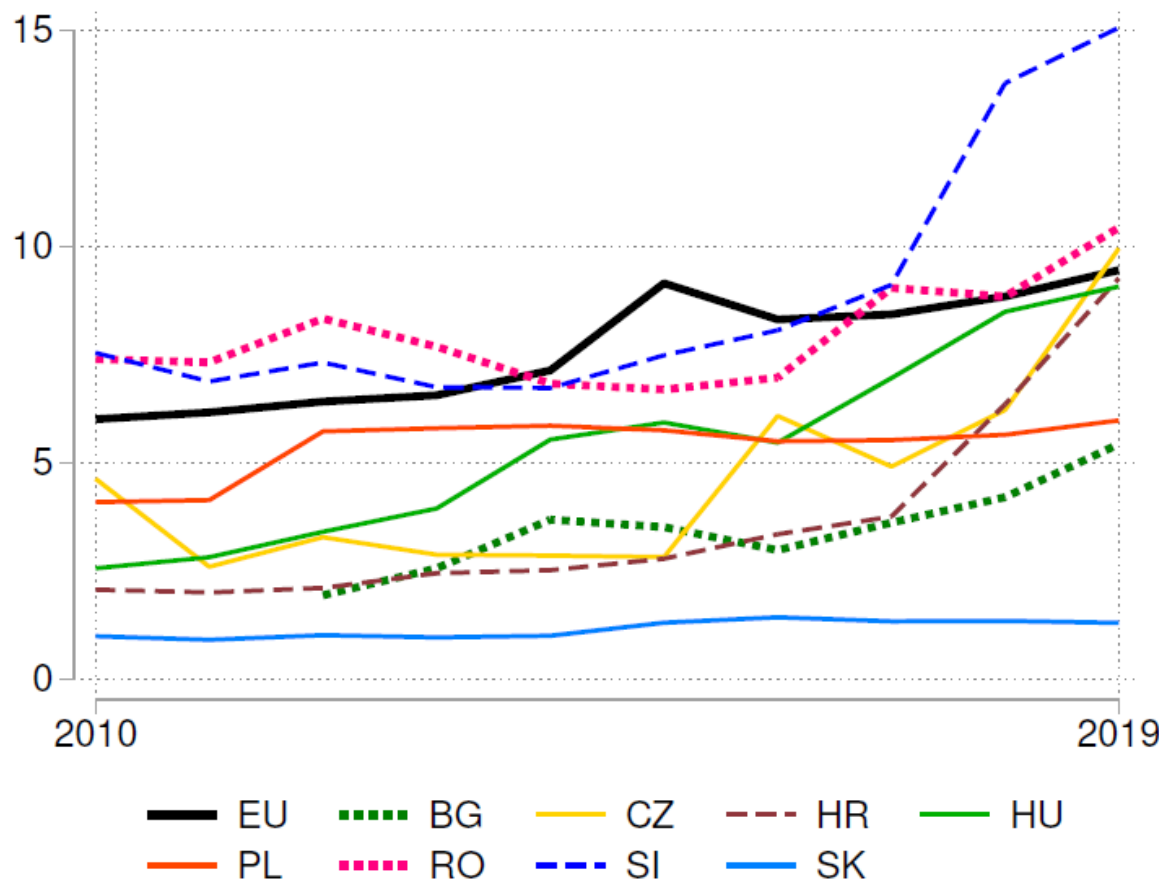
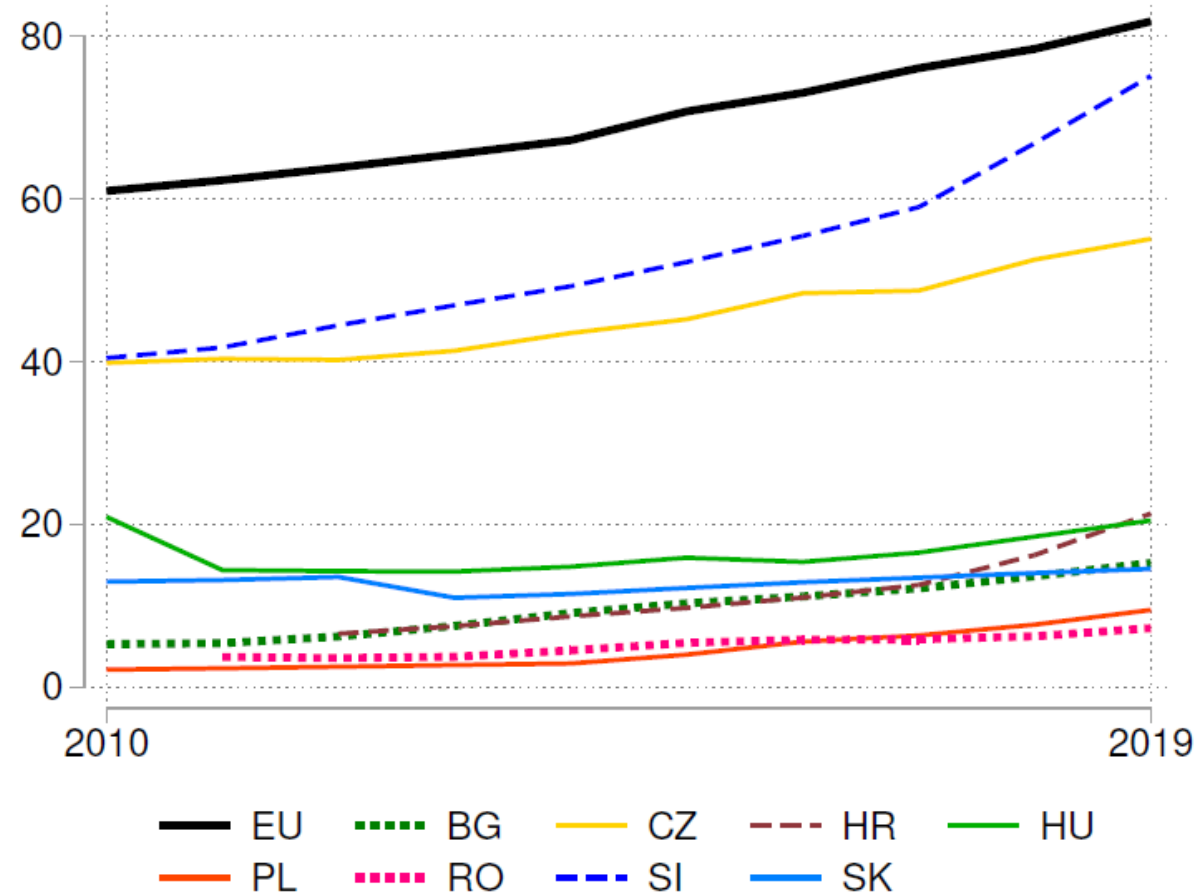


Fig. 4.3: Migration stock per 1000 inhabitants

Data: Eurostat (2021g)

Note: Definition of a migrant is based on citizenship, i.e., migrants are not citizens of the country in which they reside, including persons of unknown citizenship and stateless persons.

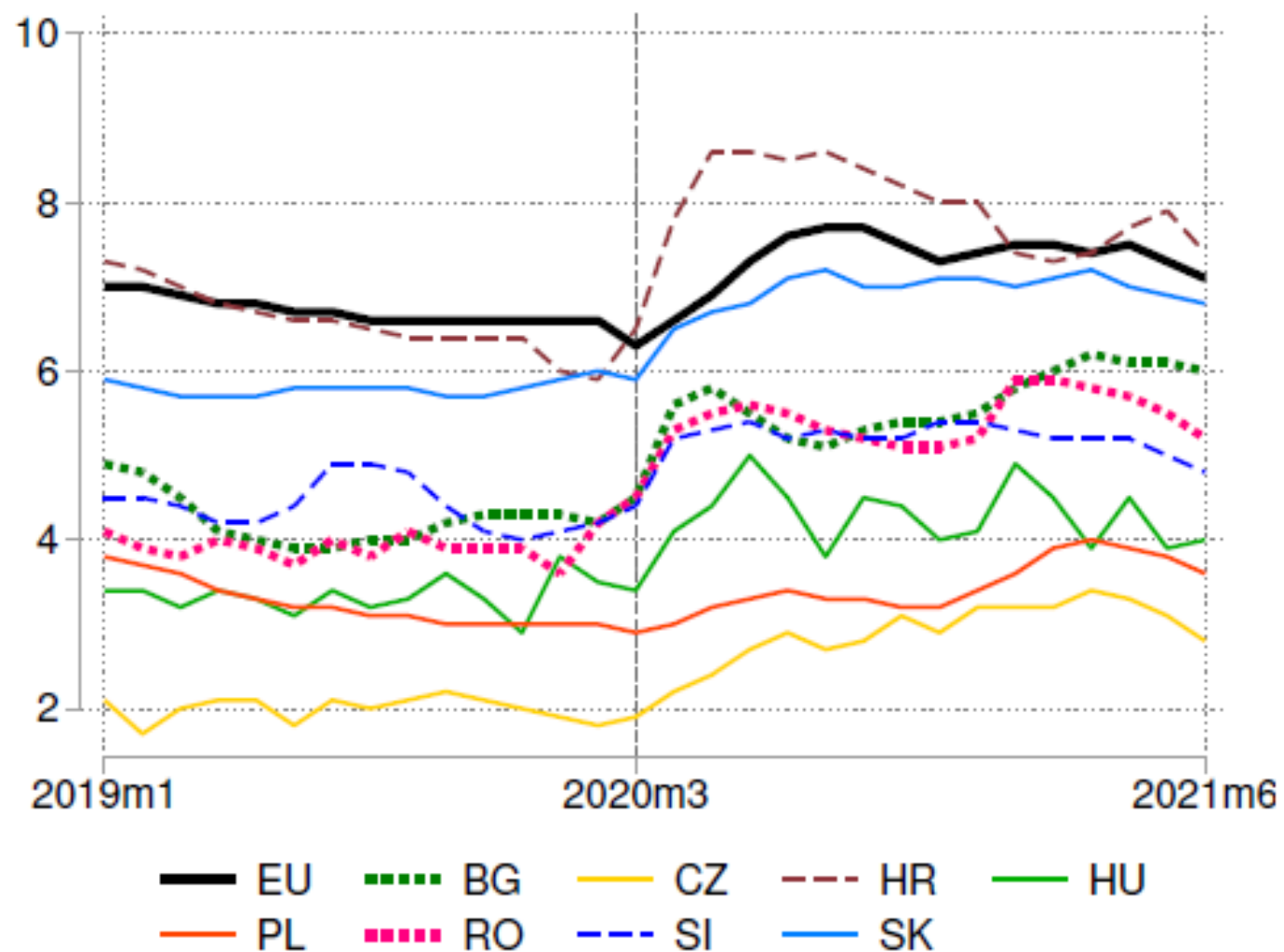


The effect of Covid pandemic

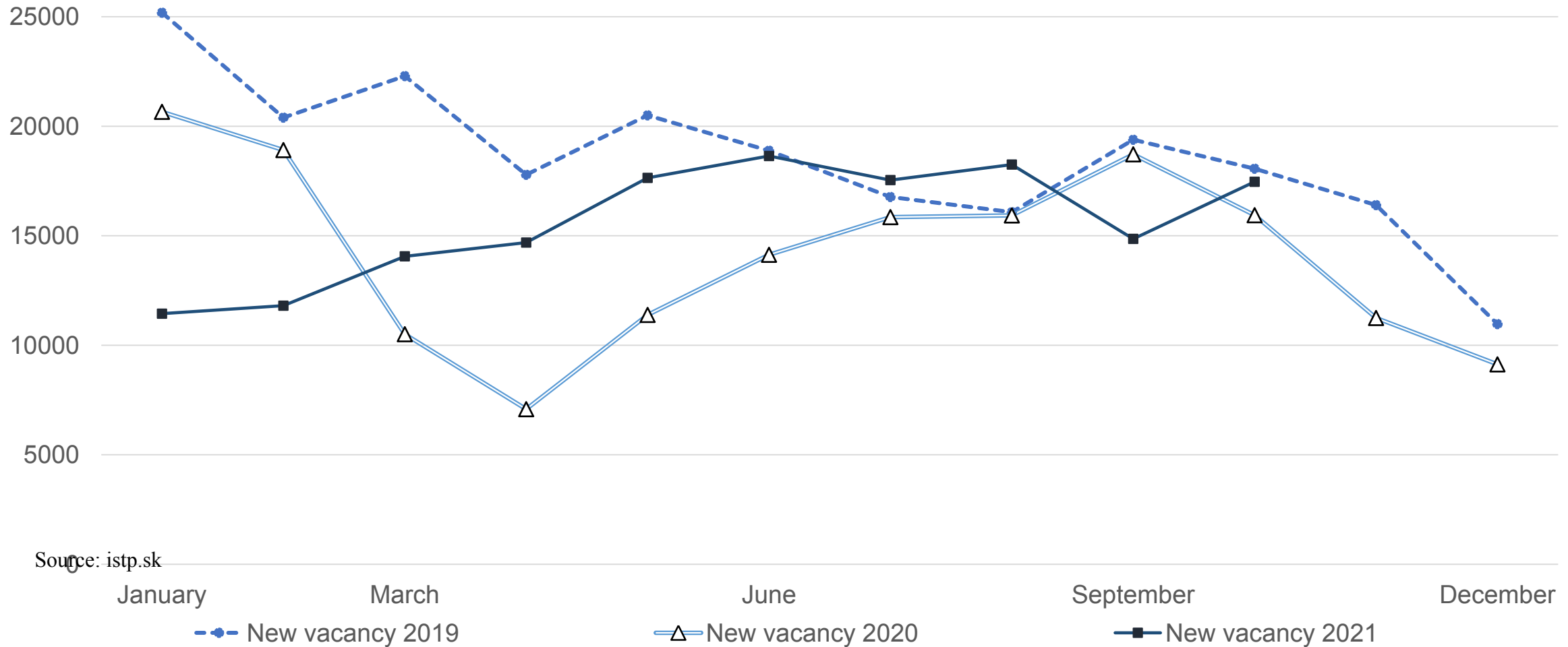
Fig. 4.25: Differentiated country experiences of unemployment rates during the Covid crisis

Data: Eurostat (2021e)

Note: Monthly data. The vertical line indicates the start of Covid-19 pandemic (2020m3).



*Number of newly posted vacancies per month in Slovakia, 2019-2021
as an indicator of economic recovery*



Source: istp.sk