Job Creation and Local Economic Development 2020: Rebuilding Better examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication here.

Czech Republic[1]

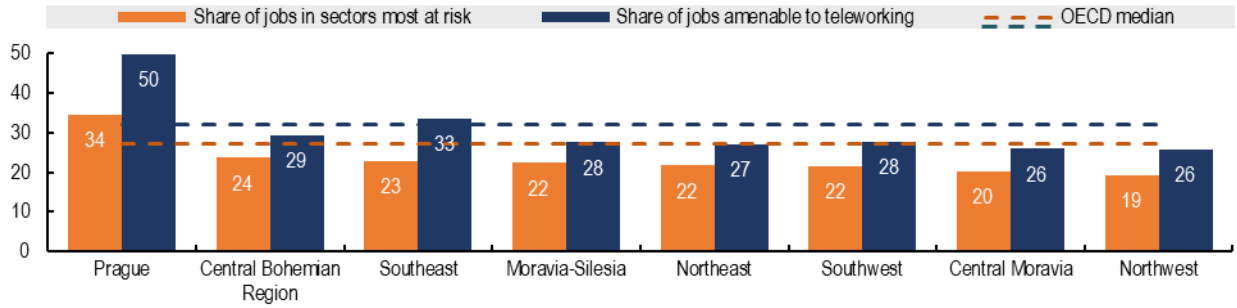
The share of jobs amenable to teleworking in the Czech Republic varies from 26% in Northwest and Central Moravia to 50% in Prague. In all but two regions, it is lower than the OECD median region.

While all regions saw net increases in employment between 2008 and 2018, Central Bohemian Region was responsible for 34% of net employment growth over this period.

All regions except for Northwest saw the share of middle-skill jobs decrease between 2000 and 2018. It decreased by 5 percentage points or more in Southeast and Central Bohemian Region.

The potential impacts of COVID-19 on local labour markets

Jobs in sectors most at risk and amenable to teleworking



Note: Share of jobs at risk is based on estimates of sectors most impacted by strict containment measures, such as those that involve travelling and direct contact between consumers and service providers. The sectoral composition of the regional economy is based on data from 2017 or latest available year. Share of jobs amenable to teleworking is based on the types of tasks performed in different occupations, and the share of those occupations in regional labour markets. These figures do not account for gaps in access to IT infrastructure across regions, which could further restrict teleworking potential. The OECD median presented here is the median of OECD regions with available data for each indicator.
Source: OECD calculations on OECD (2020), "Regional economy", *OECD Regional Statistics (database)*, https://doi.org/10.1787/6b288ab8-en; and OECD (2020), *OECD Regions and Cities at a Glance 2020*, https://doi.org/10.1787/959d5ba0-en.

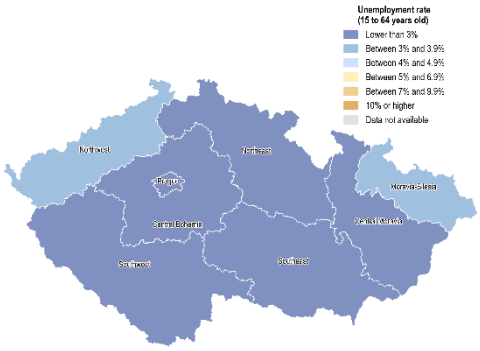
COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. Aside from the capital, Prague, where the share of jobs at risk is relatively high (34%), disparities between regions are relatively small in the Czech Republic (from 19% in Northwest to 24% in the Central Bohemian Region). All regions except Prague had a lower share of jobs at risk than the OECD median region.

While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs. The share of jobs amenable to teleworking in all but two regions is lower than the OECD median region, but widespread teleworking is more feasible in some regions than others. The share of jobs amenable to teleworking varies almost two-fold across regions, from 26% in Northwest and Central Moravia to 50% in Prague.

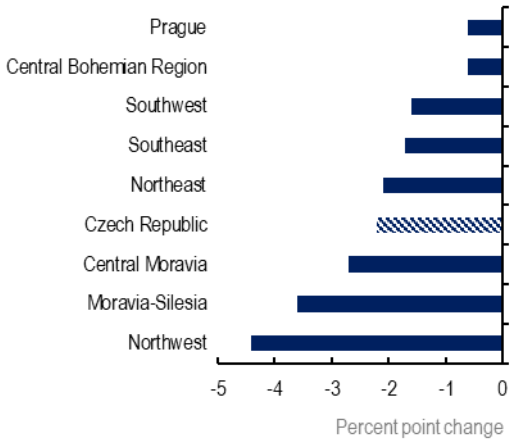
Updated 20 November 2020

Local labour market performance prior to COVID-19

Unemployment rate, 2019



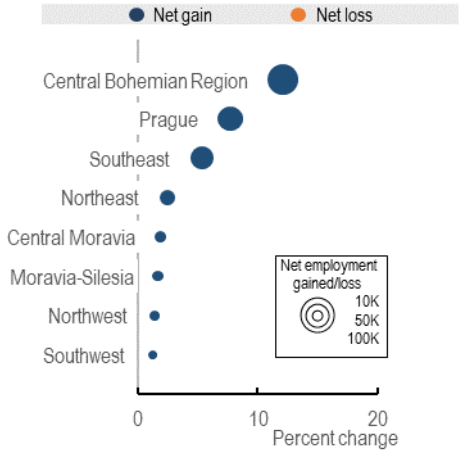
Change in unemployment rate, 2008-2018



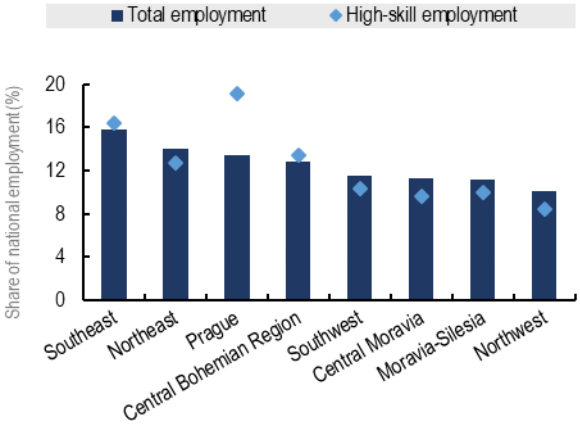
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.
Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, https://doi.org/10.1787/f7445d96-en

Before the COVID-19 pandemic, unemployment rates in the Czech Republic were generally low, but varied over two-fold across regions. In 2019, they ranged from a low of 1.4% in Prague and in the Central Bohemian Region to a high of 3.7% in Moravia-Silesia. Looking at the decade following the 2008 crisis, all regions had unemployment rates lower in 2018 than in 2008, a pattern seen in about one-third of OECD countries. Regional gaps in unemployment also shrank over this period, thanks to relatively larger declines in the regions with the highest rates in 2008. For example, the unemployment rate decreased by 4.4 percentage points in Northwest, which had the highest unemployment rate in 2008.

Change in net employment, 2008-2018



Employment by region and skill level, 2018

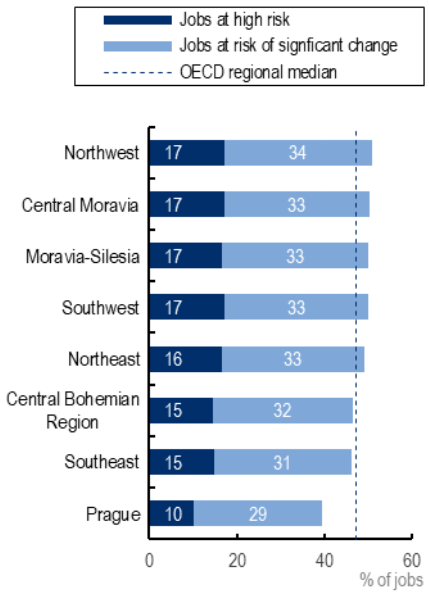


Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, https://doi.org/10.1787/f7445d96-en and OECD calculations on EU Labour Force Survey.

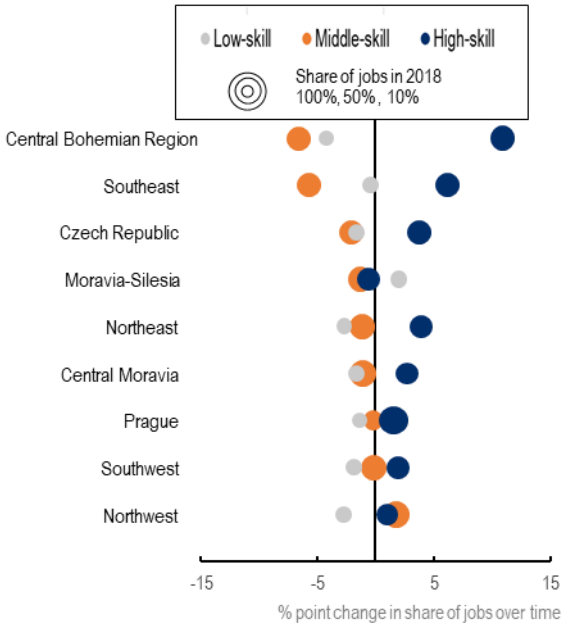
In all regions, the number of people employed grew between 2008 and 2018. The Central Bohemian Region was responsible for 34% of net employment growth over this period, but in 2018, Southeast accounted for the largest share of overall employment (16%). In contrast, Prague accounted for the highest share of high-skill employment at 19%. Looking at a longer time period (2000-2018), the geographic concentration of jobs and high-skill jobs (as measured by the number of people employed) did not significantly change.

Local labour market transitions

Share of jobs at risk of automation, 2018



Job polarisation, 2000-2018



Note: In Panel A "high risk" refers to the share of workers whose job faces a risk of automation of 70% or above. "Significant risk of change" reflects the share of workers whose job faces a risk of automation between 50% and 70%.
In Panel B, high-skill occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers); 2 (professionals); and 3 (technicians and associate professionals). Middle-skill occupations include jobs classified under the ISCO-88 major groups 4 (clerks); 6 (skilled agricultural workers); 7 (craft and related trades workers); and 8 (plant and machine operators and assemblers). Low-skill occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers); and 9 (elementary occupations).
Source: OECD calculations based on Survey of Adult Skills (PIAAC) (2012); and EU Labour Force Survey; Nedelkoska, L. and G. Quintini (2018), "Automation, skills use and training", https://doi.org/10.1787/2e2f4eea-en; and *OECD Employment Outlook 2019: The Future of Work*, https://doi.org/10.1787/9ee00155-en.

COVID-19 will likely accelerate automation, putting additional pressures on places with relatively high shares of jobs at risk. More than half of regions in the Czech Republic have a higher share of jobs at high risk or risk of significant change from automation than the OECD median region. The share of jobs at risk ranges from 39% in Prague to 51% in Northwest.

Following general OECD patterns, in the Czech Republic all regions except for Northwest saw the share of middle-skill jobs decrease between 2000 and 2018, although some changes were relatively small. The share of middle-skill jobs decreased by 5 percentage points or more in Southeast and Central Bohemian Region. However, in all regions except for Southeast, the absolute number of middle-skill jobs increased over this period, albeit it relatively less than the increase in the total number of jobs. In most regions, decreasing shares of middle-skill jobs were predominantly offset by increasing shares of high-skill jobs, although in Moravia-Silesia, the share of high-skill jobs actually decreased.

Notes

[1] Data is presented at the TL2 level, which typically corresponds to the first administrative tier of subnational government. See Reader's Guide of the full report for more information on the methodologies behind the calculations.