


Job changes at times of high inflation in the Czech Republic

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Změny v zaměstnání v dobách vysoké inflace v České republice

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práce

inflace

změny

Česká republika

Abstract

This study investigates the factors influencing job change decisions in the Czech Republic during the high inflation period of 2022-2023, using data from a survey by the Institute for Sociology of the Czech Academy of Sciences and the Occupational Safety Research Institute. Analysing responses from 956 workers, the research focuses on the roles of financial pressures, psychological wellbeing, and burnout in shaping decisions to change jobs, retrain, or pursue additional employment. Findings highlight a significant inclination towards job changes, driven by both financial and non-financial factors, but also reveal a notable gap between intentions and actual actions. The study underscores the limited impact of recent salary adjustments and suggests the necessity for comprehensive strategies that address the multifaceted challenges faced by employees in times of economic uncertainty.

Keywords: job change, Czech Republic, inflation, financial wellbeing

Abstrakt

Tato studie zkoumá faktory ovlivňující rozhodnutí o změně zaměstnání v České republice během období vysoké inflace v letech 2022-2023, a to na základě dat z průzkumu Sociologického ústavu Akademie věd České republiky a Výzkumného ústavu bezpečnosti práce. Analýza odpovědí 956 pracujících se soustředí na roli nedostatku financí, psychické pohody a vyhoření při formování rozhodnutí o změně zaměstnání, rekvalifikaci nebo hledání dalšího zaměstnání. Výsledky ukazují významnou tendenci k změnám zaměstnání, motivovanou jak finančními, tak nefinančními faktory, ale také odhalují výrazný rozdíl mezi záměry a skutečnými akcemi. Studie zdůrazňuje omezený dopad nedávných úprav mezd a naznačuje nutnost komplexních strategií, které řeší mnohostranné výzvy, jimž čelí zaměstnanci v dobách ekonomické nejistoty.

Klíčová slova: změna práce, Česká republika, inflace, finanční pocit jistoty

Introduction

Navigating the complexities of job change decisions is a multifaceted process, deeply influenced by personal ambitions and the overarching economic environment. In this paper, we consider a case study of Czech Republic's experience with high inflation during the years 2022 and 2023. As inflation escalates, driving up living costs, many employees find their salaries inadequate, compelling them to seek better-paying positions or consider retraining for more lucrative or stable careers. The devaluation of real income due to inflation may further prompt individuals to explore additional job opportunities or entrepreneurial ventures to supplement their income (Faberman and Justiniano, 2015).

Indeed, inflationary pressures may reshape the job market, impacting both job security and the availability of opportunities. Industries grappling with rising operational costs often resort to downsizing or recruitment freezes, forcing employees to look for more stable employment in sectors less affected by inflation. Conversely, industries that effectively navigate these inflationary challenges present new job opportunities, making retraining an appealing option for those looking to realign their skill sets with these emerging opportunities (Moscarini and Postel-Vinay, 2023).

The financial burdens and the ongoing struggle to keep up with rising expenses can also lead to a decline in job and life satisfaction (Tenaglia, 2022). Consequently, many individuals prioritise finding a balance between work and life, seeking roles that not only offered greater job satisfaction but also some degree of insulation from the impacts of inflation. Thus, the decision to change jobs in this context is not solely a financial one but also a strategic response to the broader personal, work, and economic challenges.

This article explores the motivations behind retraining, job changes, and the pursuit of additional employment or entrepreneurial ventures during the high inflation period in the Czech Republic between 2022 and 2023. During this time, the Czech economy went through significant changes, initially marked by a surge in inflation in 2022, peaking at 18% in September, driven by factors such as soaring energy prices, pandemic-induced supply chain disruptions, and increased consumer demand (CSO, 2023). By October 2023, the inflation rate had begun to decrease, reaching 8.5%, but remained above the historical average and the Czech National Bank's target. This period of high inflation, coupled with increased interest rates to counter it, profoundly affected individuals' financial and psychological wellbeing, influencing their purchasing power, savings, and overall cost of living. Concurrently, these inflationary conditions influenced job dynamics, leading to increased job losses, work pressure, and dissatisfaction due to the erosion of real wages, thereby impacting overall life satisfaction (čNB, 2023).

Data

This study leverages data from a survey conducted in October 2023 by the Department of Philosophy, Faculty of Arts at Charles University, in collaboration with the Occupational Safety Research Institute in the Czech Republic and Median (data collector). Utilising a computer-assisted web interviewing (CAWI) method, the survey collected 956 responses, ensuring a representative cross-section of the Czech working-age population, aged 18-65. The dataset encompasses a diverse range of demographic variables, including gender, age, education, region of residence, and type of economic activity, whether as an employee or entrepreneur.

The survey forms a part of a larger, ongoing series that aims to scrutinize shifts in the perceived quality of working life within the Czech Republic, with more details available at www.pracovnipohoda.cz. The 2023 edition of the survey, in addition to its standard 36 questions assessing the quality of working life, included specific queries aimed at understanding financial wellbeing and the intentions or actions related to retraining, job changes, or the initiation of

new employment or business ventures.

Our analysis primarily focuses on the inclination to retrain, change jobs, or engage in additional employment, set against a backdrop of various factors such as psychological wellbeing, burnout levels, financial stress, and recent changes in remuneration. Specifically, we analyse answers to the following questions:

- ❖ Are you considering or have you in the last year already undertaken: Retraining / Job change / Additional employment or business venture (I am considering it due to insufficient income / I am considering it for another reason / I have already undertaken it due to insufficient income / I have already undertaken it for another reason / I have not undertaken and am not considering).
- ❖ How would you evaluate your current overall mental wellbeing? (0-10; Very poor-Excellent)
- ❖ Do you feel symptoms of burnout at work, such as aversion and indifference to work, loss of enthusiasm, difficulty concentrating, or irritability towards others? (0-10; Not at all-All of the time)
- ❖ Does your financial situation weigh on your mind? (0-10; Not at all-All the time)
- ❖ Has your salary adequately increased in the last year to cover the increased living expenses? (It was increased, and the increase covered the increased living expenses / It was somewhat increased, but not enough to cover the increased living expenses / It remained the same / It was decreased)

Following are key descriptive statistics of the dataset shown in Table 1. Additional detail is then provided in Figure 1, showing breakdown of the explanatory variables by sociodemographic characteristics.

Variable	Category	Freq./ Mean	Missing obs.
Gender	Male	56.2%	0
Age	Years	44.5	0
Income	CZK/month	30,387	237
Household	Living with a partner	68.4%	0
Children	0	57.6%	40
	1	22.3%	
	2	19.3%	
	3+	0.8%	
Education	None or primary	2.5%	0
	Secondary (GCSE equivalent)	31.1%	
	Secondary (A levels equivalent)	36.8%	
	Post-secondary or undergraduate	9.9%	
	Graduate or postgraduate	19.7%	
Psychological wellbeing (0-10; bad-good)		6.8	2
- At risk (scoring 0-3)		12.4%	
Burnout (0-10; good-bad)		4.5	9

- At risk (scoring 7-10)		27.5%	
Financial stress level (0-10; good-bad)		4.7	
- At risk (scoring 7-10)		30.2%	5
Recent salary adjustment to cover increased living costs	Increased, covering higher living expenses	11.6%	131
	Increased, not enough to cover higher living expenses	44.1%	
	Remained the same	41.1%	
	Decreased	3.2%	

N = 956

Table 1: Descriptive statistics of the collected dataset

The data reveals that only 12% of respondents experienced a salary increase sufficient to cover the rising costs of living, with over 41% reporting no increase at all and 3% experiencing a decrease. Approximately 30% of respondents were affected by high financial stress and burnout levels, while 12.4% report poor psychological wellbeing.

To gain a deeper understanding of these issues, we turn to Figure 1, which compares different socioeconomic subgroups. It shows that psychological wellbeing does not significantly vary across genders, but older individuals and those living with a partner and children report higher levels of wellbeing. In terms of burnout, it is more prevalent among those aged 25-34, while older individuals tend to experience it less, with minimal variation across other demographics. High financial stress is more common among women, those living without a partner, and those with children, while individuals aged 55 and above generally report lower levels of financial stress, with other age groups showing similar averages.



Figure 1: Association between explanatory variables (psychological wellbeing, burnout, financial stress) and sociodemographic characteristics

Results

The analysis of intentions to change or add jobs reveals a notable willingness among respondents to take action. A significant 32% indicated a desire to change jobs (25% considering, 7% already having done so), while 27% were open to taking up another job or starting a business venture (18% considering, 9% having done so), and 19% considered retraining to transition into new roles (14% considering, 5% having done so). While considerations are more prevalent than past actions, it's unclear to what extent this is due to deteriorating conditions or factors like changing mindsets or failure to follow through on initial plans.

The motivations for considering a job change or embarking on a new venture vary. Retraining is often driven by non-financial reasons – predominantly burnout and poor psychological wellbeing as we show below – while reasons for job changes are more evenly split between financial and non-financial motives. The pursuit of additional employment or starting a new business venture is more frequently financially motivated.

		Retraining	Job change	Additional employment or business venture
Financial motive	Considering due to insufficient income	4%	12%	11%
	Have taken action due to insufficient income	2%	3%	5%

Other motive	Considering for other reasons	10%	13%	7%
	Have taken action due to other reasons	3%	4%	4%
	Have not taken action and not considering	81%	68%	73%

Table 2: Summary of the key outcomes

Figure 2 and Table 3 provide a more detailed breakdown of these intentions and recent actions, categorized by key explanatory variables (risk factors). In Figure 2, financial and non-financial motives are combined into a single metric showing the prevalence of job change considerations (past actions are omitted from the figure as they are less frequent and less influenced by the risk factors, as indicated in Table 3).

The data clearly shows that individuals at risk – those with poor psychological wellbeing and high burnout levels – are almost twice as likely to consider changing their jobs. Poor psychological wellbeing also nearly doubles the likelihood of retraining and significantly increases the likelihood of taking on additional employment or starting a new business venture. While burnout increases the likelihood of retraining, its impact on pursuing additional employment is relatively minor. Financial stress, on the other hand, has a modest effect on the likelihood of retraining but significantly influences the likelihood of job changes and taking on additional employment.



Note: Poor psychological wellbeing, high financial stress, and high burnout levels are defined as scoring 3 or lower (psychological wellbeing) and 7 or higher (financial stress, burnout) on the respective 0-10 scales. See Table 1 for descriptive statistics.

Figure 2: Likelihood of considering retraining, changing one’s job, and taking additional employment or starting a business venture by risk factors

A detailed examination reveals that while these impacts are directionally consistent for past actions, the magnitude of change is less pronounced. Interestingly, the effect of recent changes in remuneration, while aligning with expectations, is relatively minor, suggesting that the benefits of such increases are short-lived and their significance is overshadowed by longer-term mental states and financial conditions.

Financial motive	Other Motive	No
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Considering	Have done	Considering	Have done				
	Overall		4%	2%	10%	3%	81%
	High financial stress level		8%	3%	10%	4%	75%
	Poor psychological wellbeing		10%	3%	14%	3%	69%
	High burnout level		7%	4%	15%	3%	72%
	Retraining	Recent salary adjustment	Increased, covering higher living expenses	2%	1%	10%	1%
Increased, not enough to cover higher living expenses							
Job change	Overall	enough to cover higher living expenses	12%	3%	13%	4%	68%
	increased High financial stress level	to cover higher living expenses	4%	1%	10%	2%	82%
	Poor psychological wellbeing	Increased, covering higher living expenses	23%	4%	14%	5%	55%
		Remained the same					
	High burnout level	Increased, covering higher living expenses	21%	3%	24%	3%	50%
		Remained the same	6%	2%	9%	2%	81%
			19%	6%	24%	3%	48%
	Recent salary adjustment to cover increased living costs	Increased, covering higher living expenses	6%	6%	9%	5%	73%
		Increased, not enough to cover higher living expenses	10%	3%	15%	2%	70%
		Remained the same	15%	4%	13%	4%	64%
Additional employment or business venture	Overall		11%	5%	7%	4%	73%
	High financial stress level		22%	7%	8%	4%	60%

Poor psychological wellbeing	15%	7%	10%	2%	66%	
High burnout level	13%	6%	9%	5%	67%	
Recent salary adjustment to cover increased living costs	Increased, covering higher living expenses	3%	3%	6%	3%	84%
	Increased, not enough to cover higher living expenses	9%	5%	8%	3%	74%
	Remained the same	14%	6%	6%	3%	71%

Note: Poor psychological wellbeing, high financial stress, and high burnout levels are defined as scoring 3 or lower (psychological wellbeing) and 7 or higher (financial stress, burnout) on the respective 0-10 scales. See Table 1 for descriptive statistics. Figures 4 pp or more higher (red) or lower (green) than the overall baseline highlighted.

Table 3: Breakdown of the key outcomes by risk factors

Conclusion

This study offers insights into the dynamics of job change decisions during the high inflation period in the Czech Republic between 2022 and 2023. The data reveals a workforce grappling with the dual pressures of financial strain and psychological wellbeing, influencing their career choices. Notably, while a significant number of respondents considered changing jobs, retraining, or seeking additional employment, actual actions taken were less frequent, pointing to a potential gap between intention and realization.

Financial factors, particularly in the context of additional employment or entrepreneurial ventures, were prominent drivers. However, non-financial factors like burnout and psychological wellbeing also played a role, especially in decisions regarding retraining. This highlights the complex interplay of economic and psychological factors in career decision-making.

The study also found that recent salary adjustments had a less significant impact than might be expected, suggesting that short-term financial improvements are not the sole answer to the challenges faced by employees. This indicates a need for more holistic strategies that address both the economic and mental health aspects of the workforce.

In summary, the findings underscore the importance of understanding the multifaceted nature of job change decisions in times of economic uncertainty. They suggest that addressing these challenges requires a balanced approach, considering both the financial and psychological wellbeing of the workforce.

Dedikace



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