


# Financial wellbeing and quality of working life in the Czech Republic in 2023

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## Finanční pocit jistoty a kvalita pracovního života v České republice v roce 2023

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### Abstract

This study investigates changes in financial wellbeing, quality of working life and other related factors in the Czech Republic from 2022 to 2023, i.e., a period of remarkably high inflation and toughening living conditions. Analysing data on income, financial stability, and quality of working life, it reveals an overall improvement in perceived financial conditions, arguably attributable to reduced inflation from its peak of 18 % in 2022, especially through gradual decline in energy costs. However, it also highlights significant disparities among demographics, particularly affecting families with children and individuals without partners. The findings emphasize the need for targeted policies to support these vulnerable groups, illustrating the diverse impacts of macroeconomic changes on society.

**Keywords:** SQWLi, quality of working life, Czech Republic, inflation, financial wellbeing

### Abstrakt

Tato studie zkoumá změny ve finanční pohodě, kvalitě pracovního života a dalších souvisejících faktorech v České republice od roku 2022 do roku 2023, tedy v období výrazné inflace a ztížených životních podmínek. Analýza dat o příjmech, finanční stabilitě a kvalitě pracovního života odhaluje celkové zlepšení finančních podmínek, které lze pravděpodobně připsat snížení inflace z jejího vrcholu 18 % v roce 2022, zejména díky postupnému poklesu nákladů na energie. Studie však také poukazuje na významné rozdíly mezi demografickými skupinami, zejména ovlivňující rodiny s dětmi a jednotlivce bez partnerů. Zjištění zdůrazňují potřebu cílených politik na podporu těchto zranitelných skupin, což ilustruje rozmanité dopady makroekonomických změn na společnost.

**Klíčová slova:** SQWLi, kvalita pracovního života, Česká republika, inflace, finanční pocit jistoty

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## Introduction

The economic landscape of the Czech Republic in 2022 and 2023 has been significantly shaped by the dynamics of high inflation – a persistent increase in the general price level of goods and services in an economy over a period of time – particularly in the context of global economic shifts and regional policy responses. The onset of this period was marked by relatively lower inflation rates in 2021, which escalated dramatically in 2022, peaking at an unprecedented 18 % in September (ČSÚ, 2023a). This spike was driven by a confluence of global and local factors, including soaring energy prices, supply chain disruptions from the COVID-19 pandemic, and increased consumer demand as the economy rebounded from pandemic-induced lows. These factors collectively exerted significant inflationary pressures on the Czech economy, impacting the cost of living and the broader economic landscape.

Following that, in 2023, the inflation rate began a gradual descent, yet it remained significantly higher than in the previous decades and above the Czech National Bank's target, reaching 8.5 % by October 2023 (the latest data available at the time of writing this article). This decrease, a result of easing global commodity prices, adjustments in monetary policy, and the stabilisation of supply chains, marks a period of economic recalibration.

Periods of heightened inflation can have a profound impact on financial wellbeing in the economy and thus on people's broader quality of life. As inflation rises, the purchasing power of a currency unit falls, leading to a decrease in the real value of wages and savings. This erosion of purchasing power can lead to a decline in financial wellbeing, particularly for those with fixed incomes or savings that do not keep pace with inflation. Furthermore, the high inflation rates were fought back by the Czech National Bank by increasing the key interest rates to their highest levels in a decade, which in turn multiplicatively increased interest on people's savings (yet far below the inflation rate) but also the cost of mortgages and other lending products, further increasing the costs of living for many (CNB, 2023). Indeed, the uncertainty and stress associated with such financial challenges can have significant psychological impacts, contributing to a sense of financial insecurity and instability (see e.g. Viseu et al., 2018).

At the same time, jobs in the economy are also intricately linked to the broader economic conditions shaped by inflation. For some, higher levels of macroeconomic uncertainty may lead to job losses due to increased business expenses, for others inflation can lead to increased work pressure as individuals strive to compensate for the reduced value of their earnings, or simply greater unhappiness with one's job due to decreasing real wages. This can in turn disrupt the work/life balance, leading to decreased job satisfaction and overall life satisfaction.

The study aims to explore how the unprecedented macroeconomic situation affected working population in the Czech Republic, and indeed how financial wellbeing relates to other aspects of life and how it differs across population subgroups. The findings are poised to offer valuable insights into the need for targeted policy interventions, emphasising the diverse effects of macroeconomic fluctuations on society.

## Data

We utilise data from a population-representative survey conducted in October 2022 and 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). The survey collected a total of 1,254 responses in 2022 and 956 responses in 2023 using a computer-assisted web interviewing (CAWI) method. The collected data are representative of employees in the Czech Republic, 18-65 years of age, in terms of gender, age, education, region of residence and type of economic activity (employee/entrepreneur).

The data collection was part of a long-standing series of surveys analysing changes in subjectively measured quality of working life in the Czech Republic. Specifically, quality of working life is assessed using the SQWL index (Vinopal, 2009), which spans six domains in total. From these, this study presents data on importance and satisfaction with remuneration (measured by three questions on total work remuneration, fair rewards for work outcomes, and earnings

stability) and security (three questions on type of work contract, security of employment, and possibility for self-development to improve job market prospects). The variables are calculated as simple averages of the underlying questions and presented at a 0-100 scale, with higher values representing greater importance and higher satisfaction.

In addition to the questions assessing quality of working life across the six domains, information is regularly obtained about respondents' age, gender, income, household status, number of children, region of residence and more, as well as general satisfaction with one's life, job, relationships, their overall psychological wellbeing etc. Given the extraordinary macroeconomic situation in the Czech Republic, in 2022 and 2023 the surveys included additional questions on financial wellbeing, asking about feeling stressed about finances, being able to handle an unexpected expense, changes in financial wellbeing in the last 6 months and concerns about the next 6 months, and more. Unfortunately, these questions were not included in the previous survey waves, and we can thus consider only the years 2022 and 2023 in isolation.

Following are key descriptive statistics of the dataset. Variables have been transformed where necessary so that higher values always represent positive outcomes. For instance, the question about financial stress level ("Does your financial situation weigh on your mind?"), originally on a scale of 0 (Never) to 10 (Always) has been reversed to 0 (Always) to 10 (Never). As such, positive changes in the column "Change" represent positive development and negative changes represent negative development.

Variable	Unit/Category	Frequency/ Mean			Missing obs.	
		2022	2023	Change (index/pp)	2022	2023
Observations		1,254	956			
Gender	Male	55.5%	56.2%	0.7	0	0
Age	Years	43.1	44.5	1.4**	0	0
Income	CZK/month	28,506	30,387	1,880**	340	237
Household	Living with a partner	68.7%	68.4%	-0.3	0	0
Children	0	54.6%	55.2%		0	0
	1	20.7%	21.3%			
	2	20.3%	18.5%			
	3+	0.6%	0.7%			
Education	None or primary	3.7%	2.5%		0	0
	Secondary (GCSE equivalent)	33.6%	31.1%			
	Secondary (A levels equivalent)	33.9%	36.8%			
	Post-secondary or undergraduate	9.9%	9.9%			

Graduate or postgraduate	18.9%	19.7%			
Financial situation compared to last year (0-10)	4.9	5.0	0.1	13	8
Handling of unexpected expense of 10,000 CZK (0-10)	8.0	8.1	0.1	11	8
Concern about financial situation in next 6 months (0-10)	4.6	5.2	0.6***	33	28
End of month financial situation (1-5)	3.6	3.6	0.0	0	0
Feelings of financial inadequacy for desired lifestyle (0-10)	Not asked	4.7	-	Not asked	25
Financial stress level (0-10)	Not asked	5.3	-	Not asked	5
Life satisfaction (0-10)	6.3	6.6	0.3**	3	3
Job satisfaction (0-10)	6.7	6.9	0.1	2	3
Psychological wellbeing (0-10)	6.4	6.8	0.3**	5	2
Household living standard (0-10)	7.0	7.1	0.1	4	4
Importance: Remuneration (0-100)	87.9	88.2	0.3	2	1
Importance: Security (0-100)	79.5	79.0	-0.5	1	2
Importance: Overall (0-100)	79.1	79.5	0.4	2	2
Satisfaction: Remuneration (0-100)	74.2	73.7	-0.4	3	4
Satisfaction: Security (0-100)	76.5	76.2	-0.3	14	9
Satisfaction: Overall (0-100)	75.2	75.4	0.2	2	3

Note: Variables have been transformed where necessary so that higher values represent positive outcomes. As such values of 0/1 represent the worst possible outcome and values of 5/10/100 represent the best possible outcome. Significant at the \* 5% level; \*\* 1% level; \*\*\* 0.1% level.

**Table 1: Descriptive statistics of the collected dataset**

Following trend from previous years, the two domains and the overall measure of quality of working life – both in terms of importance and satisfaction – have been stable over the two years. Regarding financial aspects, there is a slight improvement in the general financial situation in 2023 compared to 2022, along with an increase in life satisfaction, job satisfaction, and psychological wellbeing. There is a contrasting difference between the longer-term outlook (concerns about financial situation in next 6 months), which has substantially improved, and the other factors of financial wellbeing, which have mostly flatlined. This points at a situation that is better than before, yet not necessarily good, with continuously increasing prices squeezing finances further.

The data also shows a significant increase in average income, indicating that some of the price changes have been reflected in nominal wages. This is depicted in the official statistics on nominal wages from the Czech Statistical Office, which shows that the y-o-y increase in the 2. quarter of 2023 was 7.7 % (ČSÚ, 2023b). However, given the excessive inflation, real wages decreased by 3.1 %. Overall, the table paints a picture of a society experiencing subtle shifts in financial and life quality aspects, amidst a backdrop of broader economic changes.

### Financial wellbeing and quality of working life

Tables 2 and 3 offer a more detailed breakdown of the key variables of interest, with a breakdown by gender, age, and household status (whether the respondent lives with a partner or not and how many children are in the household), pooling the 2022 and 2023 data. The tables represent a remarkably different view from Table 1, highlighting the need to look beyond a simple population-wide average.

In particular, while financial worries seem to be less of an issue for those living with a partner and particularly those without children – a group that corresponds to the lower age category – those not living with a partner and those with children have been facing more difficult situation in 2023 than in 2022 on average. Results for the overall satisfaction with the quality of working life, life satisfaction, job satisfaction, and living standards are more diverse, showing principally the decreasing job/work satisfaction for younger age groups and increasing satisfaction for those living with a partner and children.

These findings highlight the substantial influence of personal and familial contexts on various aspects of life, from job satisfaction to financial stability, underscoring the complex interplay between personal life circumstances and perceived quality of life.

	Total	Gender		Age category				
		Female	Male	15-24	25-34	35-44	45-54	55+
Satisfaction: Overall	75.3	0.9	-0.7	-4.2	-0.5	0.2	0.1	0.7
Life satisfaction	64.6	0.2	-0.1	2.9	1.3	-0.2	-2.2	1.7
Job satisfaction	67.8	0.0	0.0	-3.8	-0.4	-0.6	0.0	1.8
Household living standard	70.3	-0.2	0.2	7.3	2.2	-0.9	-2.5	1.4
End of month financial situation	64.2	-2.5	2.0	0.6	0.5	-1.8	-1.2	3.7
Financial situation compared to last year	49.2	0.0	0.0	3.2	3.8	-0.2	-2.5	-0.5
Concern about financial situation in next 6 months	48.5	-3.7	2.9	-0.6	2.1	-1.3	-1.6	2.0

Risk of job loss in next 6 months	64.1	0.6	-0.5	-4.9	0.8	0.6	-0.9	0.6
Likelihood of voluntarily leaving job in next 6 months	67.0	-1.2	1.0	-22.4	-3.9	-2.4	4.6	6.0

Note: See Table 1 for changes over time and for further descriptive statistics. Results were rescaled to 0-100 where necessary for ease of reading.

**Table 2: Breakdown of the key variables of interest by personal characteristics**

	Total	Partner		Children			
		Without	With	0	1	2	3+
Satisfaction: Overall	75.3	-1.5	0.7	-0.6	0.8	0.6	-1.1
Life satisfaction	64.6	-3.6	1.6	-0.3	0.2	-0.1	6.1
Job satisfaction	67.8	-2.7	1.2	-0.8	1.6	0.3	0.1
Household living standard	70.3	-4.7	2.2	0.9	-0.9	-1.2	1.1
End of month financial situation	64.2	-2.0	0.9	2.1	-2.5	-2.3	-15.9
Financial situation compared to last year	49.2	-1.4	0.6	1.4	-1.8	-1.7	0.0
Concern about financial situation in next 6 months	48.5	-2.3	1.0	1.0	-2.6	-0.3	-2.1
Risk of job loss in next 6 months	64.1	0.4	-0.2	0.4	-1.3	0.2	-11.2
Likelihood of voluntarily leaving job in next 6 months	67.0	-0.2	0.1	-0.8	1.8	0.4	-5.6

Note: See Table 1 for changes over time and for further descriptive statistics. Results were rescaled to 0-100 where necessary for ease of reading.

**Table 3: Breakdown of the key variables of interest by personal characteristics (cont.)**

Figure 1 then reveals a clear dichotomy between those not particularly stressed about their financial future (“Does your financial situation weigh on your mind?” scoring 4 or more on a 0 = “Always” to 10 = “Never” scale) and those who are. For individuals not concerned about their financial future, the importance of working life quality indicators (remuneration, security) is rated slightly lower than for those who are concerned, indicating that financial concerns heighten the perceived importance of these factors.

The satisfaction levels present an intriguing contrast. Among those not concerned about their financial future, satisfaction with remuneration stands at 76.8, but this figure drops dramatically to 66.5 for those who are concerned, showing the clear link between financial hardship and satisfaction with one’s remuneration. This trend is mirrored in other areas of quality of working life. While the direction of causality is unfortunately not clear from this picture, it is likely that the causal relationship goes both ways, i.e., that worse jobs overall offer lower pay and hence are more likely to cause poor financial wellbeing, just as poor financial wellbeing – arguably partially caused by poor remuneration – affects one’s perception of their job. The data also shows that life satisfaction, job satisfaction, psychological wellbeing, and household living standards are all markedly lower for individuals with financial concerns.

Interestingly, the difference in likelihood of voluntarily leaving one's job, while higher for those under financial stress (note that higher values represent lower likelihood of leaving), is lower than for the other variables, signalling that those with financial issues may not see job change as an option or an opportunity to get financially better off.

This data underscores the profound impact that financial stress and uncertainty can have on various facets of life, influencing not only immediate financial perceptions but also broader aspects of job satisfaction, security, and overall wellbeing. These findings highlight the critical need for policies and interventions aimed at addressing financial stress and its cascading effects on the quality of life and work in the Czech Republic.



Note: Financial stress is measured through the following question: “Does your financial situation weigh on your mind?”. Scoring 4 or more on a 0 = “Always” to 10 = “Never” scale indicates low amount of stress. Higher values always represent positive outcomes (i.e., not worrying about job loss and not planning to leave one’s job). Results were rescaled to 0-100 where necessary for ease of reading.

**Figure 1: Association between outcome measures for those not under excessive financial stress (left; baseline) and those under stress (right; difference from the baseline).**

## Conclusion

This study provides an insight into financial wellbeing and quality of working life in the Czech Republic during a period marked by significant economic changes, particularly in the context of inflationary pressures. The findings reveal a nuanced picture: on one hand, there is an overall improvement in financial situations and outlooks from 2022 to 2023, likely influenced by the easing of inflationary pressures and the resultant economic recovery. This positive trend is reflected in increased average incomes, improved perceptions of financial situations compared to the previous year, and enhanced life and job satisfaction. Notwithstanding that, it is important to appreciate that this is a short-term picture and what may appear as a year-on-year improvement may in fact be a partial reversion to a long-term trend following an outstanding year of worsening conditions. On the other hand, the study uncovers some underlying complexities and disparities. Notably, families with children, as well as individuals living without a partner, face more pronounced financial challenges.

These findings underscore the multifaceted impact of economic fluctuations on individual wellbeing and highlight the importance of targeted policy interventions. While the general trend indicates recovery and improvement, the disparities suggest that certain segments of the population are more vulnerable to economic shifts and require specific

support. Future policies should therefore focus not only on fostering economic growth and stability but also on ensuring that this growth is inclusive and supportive of all societal segments. Additionally, the study highlights the need for continuous monitoring of the financial and psychological wellbeing of the population, particularly in times of economic uncertainty, to enable timely and effective policy responses. The insights gained from this research contribute to a deeper understanding of the interplay between economic factors and quality of life, offering valuable guidance for policymakers, economists, and social scientists in shaping a more resilient and equitable future.

## Dedikace



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