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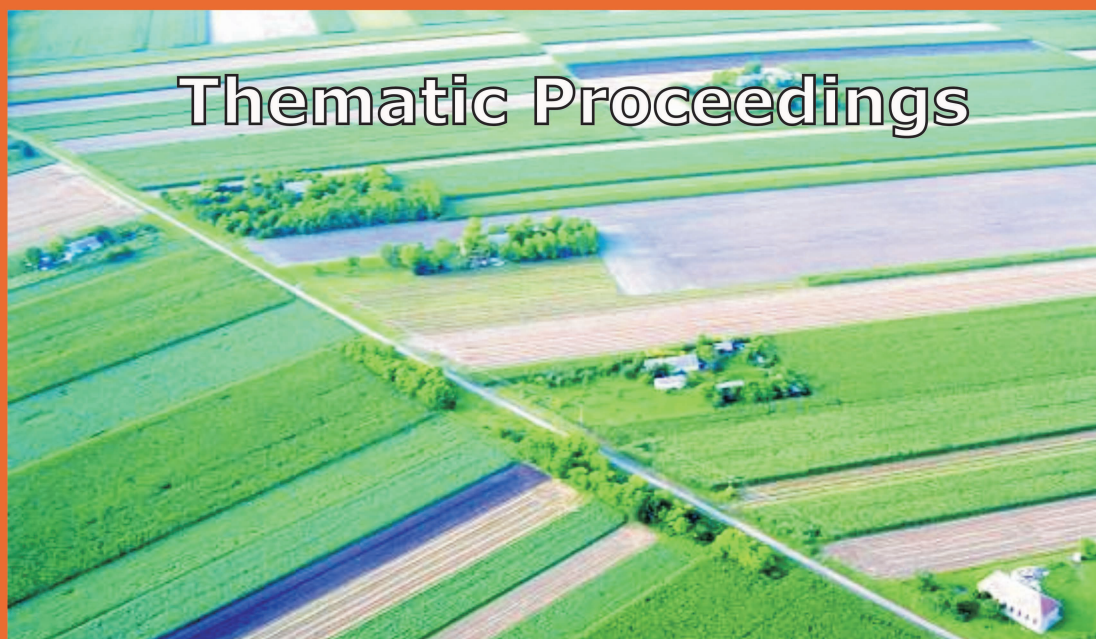
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# DEVELOPMENT OF AGRICULTURE AND RURAL AREAS IN CENTRAL AND EASTERN EUROPE



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## **THE AGRICULTURE EMPLOYMENT RATE IN THE CZECH REPUBLIC**

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### **LABOR MARKET – INTERNATIONAL COMPARISON OF INDICATORS**

Employment rate is one of the most significant economic indicators showing the situation on the labour market in every country. The employment rate of men/women is the number of employed men/women in the age of 15 to 64 within the total number of population in this age group. The average employment rate in the Czech Republic is 64.8 %. As well as in other European countries the employment rates differ according to sex. The employment rate of men reaches to 73.3 %, while it is only 56.3 % for women. These numbers exceed the EU average a little (in EU: total 63.8 %, men 71.3 % and women 56.3 %).<sup>2</sup>

The distribution of employment among individual sectors depends on the historical development of the economy and the composition of the structure of industries and other branches in each European country. On the other hand, the significance of the primary sector – agriculture, forestry and fishery steadily decreases and its proportion represents often less than 5% of the states economy (however, in the countries traditionally focused on agriculture, is its role still not negligible).

In the Czech Republic the share of the primary sector on employment was 3.8 % in 2005 – little under the EU average (4.9 %). However, there was a great difference in the share of the secondary sector (industry), which employed almost 40% inhabitants in economically active age, while in EU it employed only one fourth of them. The employment in tertiary sector (services) is growing, although it does not reach the EU average 70%, but only 58%.<sup>3</sup>

### **DEVELOPMENT IN THE CZECH REPUBLIC**

The employment rate in CR corresponds with the average of those EU countries where the employment rate grows, although the trend in CR was the opposite until

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<sup>2</sup> Data for year 2005– Czech Republic in international comparison, Czech Statistical Office (CSO), Prague, Eurostat

<sup>3</sup> Data for year 2005– Czech Republic in international comparison, Czech Statistical Office (CSO), Prague, Eurostat

2004. From mid 1990's the employment rate steadily decreased every year. In the years 1995 – 2004 it decreased on average by 0.6 % every year and the decrease did not slow down even in the time of economic growth (2000 to 2004). This shows that the reasons for low employment rate are structural. There are many reasons, which lead to this state. Insufficient motivation for employers to open new jobs and low spatial, professional and qualificational mobility are among the reasons. Quite recently, the new job has stopped emerging in the tertiary sector, although according to many international comparative studies this sector is undersized. This is probably due to the incongruity in the structure of demand for services and their supply. Considerable reason for the decrease of employment is also dynamic growth of productivity and wages, which create pressure on releasing workers. However, from 2004 the rate of employment slowly increases and in current development the employment rate has grown noticeably in 2006.

Second parameter, which is followed regularly in CR, is unemployment. Two approaches are used to calculate this parameter: a) the registered unemployment rate<sup>1</sup> monitored by the Ministry of Labour and Social Affairs (MLSA) based on the information received from the employment bureaus; b) unemployment rate calculated by the Czech Statistical Office according to the ILO<sup>2</sup> methodology (general unemployment rate), which serves for international comparisons and is calculated from the outcomes of the Labour Force Sample Survey.<sup>3</sup> During last 15 years both of these indicators show growth. In 2006, the unemployment rate reached 7.1%.

During last 15 years there have been several changes considering the structure of employment in different sectors. We can find identical tendencies in EU as well as in other countries in the world in the development of employment in individual sectors. During the monitored period, the number of persons employed in agriculture (including forestry and fishery) dramatically decreased – from initial

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<sup>1</sup> The registered unemployment rate is the proportion persons, who have registered as unemployed at the employment bureaus, in the total labour force, CSO

<sup>2</sup> ILO Methodology – International Labour Organization considers as unemployed those persons, who had no job in reference period, had not worked for wage at all, have been searching for a job actively and would have been able to start the new job within two weeks of time, CSO.

<sup>3</sup> Labour Force Sample Survey is carried out quarterly and does not only focus on unemployment but also monitors economical activity of inhabitants in many other aspects. It is done continually on a randomly chosen sample of households with the goal to ascertain the character of social and economical status of population in the whole of CR. Extend of the survey and the characteristics of employment and unemployment fully correspond to the definitions ILO and to the methodical recommendations of Eurostat. In this case, the unemployment rate represents the proportion of unemployed according to LFSS in the total of all employed and unemployed persons, CSO.

11.8 % in the beginning of the 1990s to current 4%. The situation was, next to global trends, also influenced by transformation and privatization, which started in CR in the 1990s. During these processes new distribution of ownership was established and the structure of agriculture subjects had changed. In most regions, the state farms disintegrated and liquidated and agricultural cooperatives were transformed. Restitutions represented another factor that had impact on employment in agriculture. Certain decrease in employment had also appeared in secondary sector due to lower demand for industrial products (especially in heavy industry) and that lead to the decline of production in great industrial centres (northern Bohemia and Moravia). The most dynamical is the positive change of employment in the sector of services – as well as it is in other countries. This sector currently employs 57% of economically active population.<sup>1</sup>

### **IMPORTANCE OF AGRICULTURE FOR EMPLOYMENT IN RURAL AREAS**

Land cultivation as well as animal husbandry is a traditional activity that has been always connected with the life of rural people. Agriculture is thus tightly connected with the rural landscape. However, the importance of agriculture as means and source of living for rural people is steadily decreasing.

According to the SLBD (Census) data, in 2001 4.5 % of economically active inhabitants were employed in agriculture. It is logical that in rural areas this employment will be higher. In rural municipalities (with up to 2000 inhabitants) 11.7 % inhabitants worked in agriculture (that is 146 thousand rural inhabitants).

The research of Sociological laboratory brings similar results. In 2003, 11.9 % of the 1 634 economically active respondents stated to work in primary sector. The research carried out in 2005 was more focused on agricultural workers; therefore we have raised their number in the pool intentionally to 20%.<sup>2</sup> Then we have chosen 334 respondents (18.0%), who are active in agriculture. It is definitely more common for men to choose this kind of job (61.1%). The analysis have shown that this sector mostly employs persons in the age category 35 to 49 years (35.6%) and that the workers usually only have primary education (26.6%) or skilled workers with apprenticeship (49.1%).

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<sup>1</sup> Source: Research Institute of Labour and social affairs, data from the year 2005, CSO

<sup>2</sup> The field survey was carried out in rural municipalities (with up to 200 inhabitants) in autumn 2005. The sample constituted of people of age between 18 and 64 and because the focus of the research was on agricultural employees we grossed the number of them in the sample up to 20 %. The sample constituted of the total of 1 854 economically active respondents.

However, the level of education of agricultural employees increases. The number of skilled workers is stable (54.2% in 2003) but the number of workers who only have primary education is decreasing (to 18.6% in 2003) the percentage of workers with high school graduation and university education are growing (to 21.0% and 6.2% in 2003 respectively). Despite the described changes, the education level of agricultural workers remains lower than the average of workers of the national economy as a whole.<sup>1</sup> However, compared to other inhabitants of rural areas, the agricultural workers are not less educated than the rest.

Structure of kinds of work the chosen respondents are doing reflects the reality. The categories mainly represented are as follows: skilled or unskilled workers, manual labourers, members of cooperatives, small and mid-scale peasants, employees with lower qualification and entrepreneurs. According to the employment classification, in 2005, 36.9% of persons employed in agriculture worked as qualified workers, 17.8% operators of machines and equipment, 13.5% technical workers, 12.0% unqualified labourers and seasonal help, 10.2% craftsmen and servicemen, 3.7% managerial and executive staff, 2.8% lower administrative staff, 1.9% specialists and researchers and 1.2% operation staff in services and business. In year to year comparison the profession structure has changed only very little.<sup>2</sup>

Most of the respondents, who are employed in agriculture, live in small and mid-sized municipalities (up to 199 and from 200-499 inhabitants). Střeleček and Zdeněk observe the same: “In the sectors of agriculture, forestry, and fishery we can notice that most employees come from municipalities with small numbers of inhabitants. With growing number of inhabitants the percentage of agricultural workers in the municipality decreases. In the Czech Republic, the total of 230 thousand economically active inhabitants ( 4.4%) are employed in agriculture, fishery or forestry from which 145 thousand live in municipalities smaller with less than 2000 inhabitants. In municipalities with up to 100 inhabitants, 21.1% (more than one fifth of them) are employed in agriculture. In municipalities with up to 800 inhabitants it is more then one tenth of inhabitants. The number decreases with increasing number of inhabitants living in the municipality to 5.9% in municipalities with 1901 – 2000 inhabitants. We can see strong indirect dependence. In the municipalities with more than 2000 inhabitants only 2.2% of them work in agriculture“<sup>3</sup>

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<sup>1</sup> Report on the state of agriculture from 2005, pg. 162

<sup>2</sup> Report on the state of agriculture from 2005, pg. 162

<sup>3</sup> Střeleček F., Zdeněk R.: Velikost obcí a ekonomická aktivita obyvatelstva (2), Obec a finance č. 1/2006, pages 60-61

## **ATTITUDES OF AGRICULTURAL WORKERS TOWARDS THEIR WORK**

Every person creates a relationship to his work, no matter if positive or negative. This attitude is influenced by a whole complex of factors. Among the most important are the financial remuneration for the work, interest in it, challenge it brings as well as relationships with colleagues and the possibility of promotion. Each of these aspects can have a different value for every individual. Each person has different priorities and gives importance to different things. There are also other consequences from the “exterior” that can change the importance of these aspects – abundance of jobs in the locality (or the necessity to accept any job offered), accessibility with public transport (this fact is especially important in rural areas), comparison of advantages (is it more advantageous to receive the social support or to go to work?), etc. Last but not least, the prestige of a job influences the attitude towards it.

The answers to the questionnaire, which was focused on evaluation of and attitude towards one's job, showed that more than one third of respondents would look for a job in a different profession than their current one if it was necessary. This attitude was mostly presented by qualified and unqualified workers, manual labourers, who can be employed in other sector than agriculture considering the character of their education and qualification. Also some members of cooperatives share this attitude (those leasing their land to the cooperative). Also other 22.9 % of respondents do not insist on working in agriculture and they would not have a problem with working in another sector. On the other hand, 28,4 % of respondents have a very close ties to their job that they could not imagine to earn their living anyhow else. These are mostly members of cooperatives (working in the cooperative), qualified and unqualified workers manual labourers and small and mid-scale farmers. These professions are closely tied to the agriculture and landscape and/or it would be hard for them to find a job elsewhere because of their specialization. 10,4 % of respondents would like to have a different job but have no other possibility (skilled and unskilled workers, manual labourers, members of cooperatives).

## **CONDITIONS FOR CHANGE OF JOB TO A DIFFERENT SECTOR**

It is very difficult to change one's job or to change one's profession, sometimes even impossible. It is such a radical change that most workers would not do voluntarily. There has to be enough motivation – wage raise, increase of qualification and so on. Another, although a negative impulse that can lead to change of job or profession, can be reorganizational measures in companies and the fear of being sacked or unemployment and lack o jobs in one's original profession.

Our analysis shows that most respondents would not decide for such a change unless it brought them substantial raise of wage (59.3%). 22.2% of respondents would change their work if they had a possibility to get a less physically and time demanding job. The working conditions are also one of the very important aspects. 13.8% of respondents would look for another job if the working conditions were not acceptable and health threatening. Only 6.3% respondents stated that they would change their profession if it helped them to find work closer to their home.

Most respondents – 83.5% do not intend to stop working in their current profession. They do not have an idea which profession they would turn to if they were forced by some circumstances to make this radical step. Only 16.5% have already thought about this possibility and have decided how they would behave in such situation. These are mostly respondent, who do “universal” jobs such as divers, mechanics, machine and equipment repairmen, carpenters and administrative workers (accountants).

Current technical and technological progress brings into all professions many novelties and changes, which are meant to make the production faster, more effective, accurate and automated. Every profession is therefore connected with the need for certain qualification and practice and the necessity to follow current trends. The employers often demand from the employees to have active interest in new information about their profession and to continuously update their knowledge and qualification.

### **RURAL INHABITANTS' ATTITUDE TOWARDS WORK IN AGRICULTURE**

Work in agriculture has a different character from work in other sectors. It is tightly connected to the environmental conditions and live organisms, is influenced by seasons of the year and climate and weather changes. The working hours do not have to be set definitely and can often be prolonged if needed into weekends and holidays. There is a disparity between remunerations in agriculture and in other sectors of the national economy.

Considering the above mentioned facts, it is understandable that for most of the 1520 respondents who currently work in other sectors is the possibility to work in agriculture not tempting. Only 25.8% would choose this work in the case of necessity if there was a lack of jobs. 15.0% have such a profession, which enables them to work in any profession and it does not matter to them in which sector they work. Only 3.7% stated that they would like to work in agriculture.



## CONCLUSION

In every country, the economically active part of population had a great influence over the course of national economy. By their involvement in the working process they create values that have impact on individual macroeconomic indicators (GDP, total work productivity, etc.). These indicators are used to describe and evaluate the state and development of national economy of every state.

Nowadays, when more and more emphasis is put at the efficiency of every activity, work still represents very significant part of every person life. It is one of the priorities among the values of most people and also one of the priorities for the whole society. Our research has shown that employment is very important for rural inhabitants. It brings them certain security in life – especially financial security.

As was already mentioned, the job offer is limited in rural areas – demand for jobs exceeds their offer. It is not going to change radically in the near future although there has been certain steps done to improve the situation by CR as well as EU – MPO programs for small and mid-scale entrepreneurs, the possibility to draw financial support from POV, European fund EAFRD, etc.).<sup>1</sup> Therefore also in the future will work be connected with everyday commuting to neighbouring towns and villages.

The locality of their job is however not so important for most of the respondents. They have to be content with their job regarding remuneration, interest in the work, good relationship in the colleagues. Most respondents are content with their current job and would not change it. The only motivation to change their job would be getting higher wage.

Further development of the private sector will especially in rural areas help to create new jobs. It will stimulate the development of the region. However it is still necessary to review some laws and regulations which deal with opening and running of private businesses. They are often too complicated and this can be very demotivating. It is also necessary to ensure better information of inhabitants about new possibilities to draw finances from grant programs and other available forms of support.

The European Union, as well as the Czech Republic, has been putting great emphasis on complex solution of all problems, which have to be dealt with in the rural areas. Concrete priorities have been set and measures and steps have been designed, which have to be taken, when solving these issues. These measures are

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<sup>1</sup> MPO – Ministry of Industry and Commerce; Program of Support for small and mid-scale entrepreneurship 2005-2006. POV – Program of Rural Renewal. EAFRD – European Agricultural Fund for Rural Development. It will be possible to draw finances from this fund in the program period 2007-2013.

included in strategic documents prepared for new program period 2007 to 2013 (for example The Program of Development of Rural Areas in CR for period 2007 to 2013, National Strategic Plan of Development of Rural Areas in the Czech Republic for 2007–2013, Program of Support of Development of Rural Regions LEADER ČR 2005-2007, Strategy of Regional Development of CR for years 2007–2013, etc.).

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