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IN THE CONTEXT OF RURAL DEVELOPMENT
IN CZECH REPUBLIC**

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1 Introduction and background

1.1 An introduction to rural employment

The minimum generation of jobs in agriculture and the limited offer of jobs in the countryside in general, together with the specific characteristics of the agricultural labour force are reflected in the imbalance in the labour market (the growth in the level of agrarian unemployment).

Since the start of the transformation there has also been a reduction in the proportion of employed farmers in the national economic structure of the CR – from 10.3 % in 1989 to 4.3 % of the workforce in 2005 (this being more marked up to 1995).

The reduction in the number of agricultural workers was manifested moderately in co-operatives (by 11.5%) and also in commercial companies (by 3.0%), in enterprises owned by individuals the number of workers has practically stabilised (small increase of 0.3%).

Following the transformation period there has been a slow improvement in the education of workers in agriculture – there has been a distinct drop in the proportion of workers with basic education only and a growth in the proportion of those with a higher level of education.

Trained workers have dominant positions in the qualification structure; the proportion of workers with higher qualifications (i.e. college or university education) is approximately a quarter.

1.2 Agricultural employment

A significant impact of the economic transformation process in the sector is the radical reduction in the size of the agricultural labour force. Employment in agriculture (not including hunting and the related services) fell by 73 % over the period 1989 – 2005 (from 553 thousand to 136 thousand workers), with the most dynamic reduction in employment taking place in the years 1991 and 1992 (the highest relative decrease in agricultural workers occurred in the period 1991/92 (by 24 %). Recently the rate of the fall in the number of agricultural workers has slackened-off (the annual decrease is between 2 to 5%); however – in connection to increasing competitiveness – a reduction in employment can be expected in the coming years.

Table: Development of agricultural employment

	1989	2001	2002	2003	2004	2005 ¹⁾
Total number of workers in agriculture¹⁾	533.1	159.8	156.0	148.0	141.0	136.0

Note: Registered number in physical persons (permanently active and working) in agricultural primary production including the businesses of natural persons

1) preliminary figure

Source: Report on the situation of the Czech agriculture, 2006

Employment in agriculture still differs widely between regions. The most farmers work in region Vysocina (13.6 %), Jihomoravském (13.0 %) , Stredočeském (12,9 %) a Jihočeském (10,8 %), on the contrary the lowest share was in the Karlovarský (0.9 %) and Prague regions (1.2%). In comparison to 2004 a decrease of farmers was reported in all regions of the CR (except Prague).

The proportion of women in agriculture during the transformation fell up until 1997, afterwards it stabilised at approximately 35 % and since 2002 it has been slightly below this level: in 2004 it was 33.8 %. Recently the difference between the figures for women employed in agriculture and those employed in the economy as a whole has oscillated around 10 percentage points. The level of female unemployment in agriculture is almost twice as much as that for males. Thus the problems in the labour market involve women in agriculture to a greater extent than men – there has been a decrease in the number of jobs for the female labour force in the sector and it is difficult for women made redundant from agriculture to find new employment in the countryside and they join the ranks of the long-term unemployed.

Table: The share of men and women working in agriculture in 2000:

	absolute number	%
Men	101 778	65
Women	55 334	35

Source: Agrocenzus 2000

In comparison with the age structure of workers in the national economy, agriculture remains characterised by an unfavourable age structure even in 2002. Due to a still increasing average age of the agricultural population, the “generation problem” in the sector has become aggravated.

Since 1989 there has been continued worsening of the age structure of Czech agricultural workers. Whilst in 1989 the under 30 year age group made up more than a fifth (21.4%) of all agricultural workers, by 2004 this proportion had dropped by more than half to 9.9%. Almost three fifths of workers (57.2 %) were older than 45 in 2004.

The table should probably be titled ‘The agricultural Labour force October 2004 and September 2005’. By age group in thousands

The agricultural labour force -between October 2004 and September 2005:

by age group - agriculture total (in ths. persons)

	Number of persons, total	Manager, holder		Other employed persons	
		Total	Female	Total	Female
a	1	2	3	4	5
Number of persons, total	183 648	42 252	7 226	141 397	54 755
Age group:					
Up to 24	9 309	295	43	9 015	2 494
25 - 34	26 831	3 892	513	22 939	7 732
35 - 44	36 071	7 296	1 145	28 775	12 071
45 - 54	55 545	12 029	2 020	43 517	19 081
55 - 65	42 760	11 610	2 104	31 150	10 515
65 or more	13 131	7 131	1 400	6 000	2 862

Source: Czech Statistical Office,2006

Share of certain age categories in total employment and employment in agriculture in 2000

The share of workers in a stated age category within total employment				The share of workers in a stated age category in agricultural employment			
Men		women		men		Women	
age category (years)		age category (years)		age category (years)		age category (years)	
60-64	65 and above	60-64	65 and above	60-64	65 and above	60-64	65 and above
1.8 %	1.4 %	1.4 %	1.0 %	2.7 %	1.5 %	2.1 %	1.4 %

Source: 2001 Statistical Yearbook of the CR

Following the departure of workers who were not directly involved in agricultural production, workers with a low qualification began to retire from the sector after 1993 and currently qualified ones are also leaving. One of the reasons is the low level of agricultural wages.

1.3 Non-agricultural employment

In the Czech Republic there are 202.3 thousand members of the economically active population employed in agriculture, forestry and fishing, i.e. 4.3 %, but in municipalities of up to 2,000 inhabitants this proportion is 11.1%. However, merchandising, restaurants and catering services have a similar share, and certain services 8.9 %, building industry 10 %, while processing industry dominates with 32.7%.

Employment of rural inhabitants of the Czech countryside **in services** is 26 % less than in urban areas.

The **structure of economic activities** in rural areas is much poorer than the national average. This is particularly striking for market services, including business consultancy, use of IT, or education to obtain a better position on the labour market.

2 The context of rural employment

2.1 New employment opportunities

The situation in the agrarian labour market continues to be determined by the pressure for an increase of the effectiveness of agricultural production which is projected to restrict the number of workers and new employment opportunities will not be created. The supply of jobs in rural space is very small.

Year- to-year increases in agrarian unemployment have not been reported, the specific rate of unemployment decreased in 2005 by 1 p. b. to 6.4 %

The rate of unemployment by gender is in balance as a consequence of the huge decrease in the unemployment of agrarian women (o 4 p. p.) and the moderate increase in the unemployment rate for agrarian men (by 0,6 p.p .).

The unfavourable development in the agricultural labour market has been primarily caused by the fact that due to the structural and technological changes in agricultural production and the long-term unfavourable economic situation of farming, agriculture has been creating virtually no new jobs. In the event of an increase in demand this would mostly be for qualified workers for livestock production, which however are in short supply in the agricultural labour market. This is caused primarily by the low interest, in particular of young and qualified workers in working in agriculture due to the low remuneration in the sector, the uncomfortable working hours, the working environment, the physically demanding work, the low social prestige of employment in agriculture or the uncertain future for businesses in this sector.

The supply of available labour consists for the most part of unqualified farm workers (including foreigners), who are most frequently used (especially in the districts with a high share of agricultural employment in total employment) as seasonal labour. The seasonal use of workers is confirmed by the fact that almost one third of agricultural applicants for work are applicants registered for a short time.

2.2 Education and skills – levels, access and provision

The educational level of agricultural labour has been improving only slightly through the transformation period. Workers who had completed an apprenticeship dominate the sector (56.2% of all workforce have a secondary vocational training without a leaving exam). Workers with a higher education qualification (i.e. secondary and university one) account for 27.1%. The year-on-year increase in the share of workers with university education is particularly significant (by 1.2 percentage points, by 1 600 workers in absolute terms).

Regarding the educational structure of the CR population over 15 years of age in 2001, people who had completed an apprenticeship or secondary vocational training without a school-leaving exam formed the largest group (37.9%, of which 20.5% with completed apprenticeship and 17.4% with secondary vocational training) followed by persons with secondary education with school-leaving exam (28.4%, of which 1.5% with vocational training with school-leaving exam, 25.6% with a complete secondary education and 1.3%

with a higher technical education). People with only elementary education account for less than a quarter of the population over 15 years of age (23%) and those with university training for less than one tenth (8.9%). Compared with 1991, the educational structure of the population over 15 years of age showed a considerable improvement. The share of the population with elementary education only had declined (by 10.1 percentage points) while that of the population with university education had increased (by 1.7 percentage points).

Educational structure of the persons working in agriculture in 2000

Highest level achieved	Total	%	Number with agricultural training
Elementary education	28 080	18	xx
Secondary education	121 161	76.5	68 808
University education	7 991	5	6 820
Total	157 232	100	75 628

Source: MoA, Agrocensus 2000

The level of education of agricultural workers, although it has gradually improved still remains significantly lower than in other industries and branches of the economy, which combined with the stagnating economic results has led to the substantial divergence of average nominal wage in agriculture in comparison to other branches of the national economy (in 2004 the disparity was 28%).

2.3 Other key factors in employment (if any)

Rural municipalities cannot satisfy the basic needs of their inhabitants (particularly job opportunities, accommodation, facilities, and infrastructure), and also other needs (social and cultural). Consequently, there is migration of young people in particular to the more attractive parts of the country. Thus, the rural population is ageing and the conditions for economic growth in the countryside are getting worse.

3 Specific rural employment issues

3.1 The nature of under-employment

In a period of recession the number of people who cannot work full time and who will involuntarily work for part of the time only will increase. This “underemployment” is not reported in the unemployment statistics, but these labour hours lost involved are a loss to the economic potential of the country. I hope these dramatic changes have kept your meaning losing nothing.

In the Czech Republic there are not statistical record covering this situation.

3.2 The scale of semi-subsistence farming

The transformation and restructuring of the sector together with the specific ownership-entrepreneurial structure of agricultural entities are projected to the structure of economic active population in the agriculture according to their standing in the main employment and property –law relation to production sources.

This means:

- Entrepreneurs who work on their own account - (self-employed farmers with a concession, without any employees), were 13. % of the total and in comparison to 2004 the increase was 2.2 p. p.
- Employers - (self –employed entrepreneurs in agricultural set-up as a legal entities or individual farmers not drawing wages, who hire employees), were 2.5 % of the total and in comparison to 2004 the decrease was 1.2 p. p.
- Members of the family who assisted (self – employed persons in the firm of an entrepreneur who works on the own account), accounted for 2.6 % for the total and in comparison to 2004 the increase was 1.1 p. p.

Selected indicators individual farms in terms of regions and size groups according to FADN - CZ in year 2004

Region and size groups of farms	Farms		Share ¹⁾ expenditures/ incomes %	Profitability ²⁾ CZK/ha a.l.
	total (numbers)	from that profit %		
Praha				
up to 5 ha	x			
5-50 ha	x			
51- 100 ha	x			
101- 300 ha	x			
over 300 ha	x			
Stredočeský				
up to 5 ha	32	100,00	78,12	x
5-50 ha	71	87,32	75,41	13 087
51- 100 ha	44	84,09	84,38	4 922
101- 300 ha	45	88,89	82,29	4 606
over 300 ha	28	75,00	93,77	1 810
Jihočeský				
up to 5 ha	x			
5-50 ha	24	100,00	75,92	5 965
51- 100 ha	30	80,00	86,38	3 377
101- 300 ha	17	88,24	81,47	3 805
over 300 ha	x			
Plzeňský				
up to 5 ha	x			
5-50 ha	21	85,71	85,40	3 043
51- 100 ha	14	71,43	81,79	2 879
101- 300 ha	17	94,12	89,79	1 939
over 300 ha	4	75,00	88,71	1 320
Karlovarský				
up to 5 ha	x			
5-50 ha	x			
51- 100 ha	x			
101- 300 ha	7	57,14	98,15	192
over 300 ha	6	50,00	94,66	523
Ústecký				
up to 5 ha	x			
5-50 ha	18	83,33	84,73	4 680
51- 100 ha	17	88,24	82,99	4 189
101- 300 ha	26	92,31	81,63	4 246
over 300 ha	12	66,67	94,84	850
Liberecký				
up to 5 ha	x			
5-50 ha	x			
51- 100 ha	x			
101- 300 ha	4	100,00	91,53	1 613
over 300 ha	x			
Královéhradecký				
up to 5 ha	7	100,00	85,83	x
5-50 ha	38	76,32	76,35	4 929
51- 100 ha	20	85,00	87,03	2 620
101- 300 ha	23	73,91	79,25	4 877
over 300 ha	5	100,00	59,58	5 023
Pardubický				
up to 5 ha	x			
5-50 ha	27	96,30	76,90	5 495
51- 100 ha	14	71,43	82,80	3 799
101- 300 ha	21	90,48	64,60	7 293
over 300 ha	4	75,00	72,28	7 326
Vysocina				
up to 5 ha	x			
5-50 ha	33	84,85	79,20	5 345
51- 100 ha	26	80,77	80,05	5 084
101- 300 ha	18	72,22	86,45	3 626
over 300 ha	x			
Jihomoravský				
up to 5 ha	16	87,50	81,99	x
5-50 ha	21	76,19	83,66	13 816
51- 100 ha	22	90,91	88,94	3 226
101- 300 ha	14	85,71	91,64	1 823
over 300 ha	4	100,00	90,22	1 857
Olomoucký				

3.3 The implications of the ‘Lisbon Strategy’

The Czech Republic strategy for rural development stems from the **main EU priorities**, with an emphasis on increasing economic growth, creating new job opportunities and sustainable economic growth, as declared in the results of the summits in Lisbon and Göteborg.

The National Strategic Rural Development Plan for the Period 2007 – 2013 will contribute to the fulfilment of the Lisbon Strategy in all of its areas: knowledge –based society, internal market and business environment, labour market, and sustainable development.

The Economic Growth Strategy of the Czech Republic (EGS CR), following the Lisbon Strategy is the fundamental umbrella document, on which the National Strategic Rural Development Plan of the Czech Republic for the Period 2007 – 2013 is based. The Czech Republic rural development strategy follows all areas of the EGS CR, while it also has close connections with the Infrastructure needs in the area of “Maintaining agricultural character of rural areas and rural landscape”.

By 2013 the shape and economic structure of the Czech countryside will have changed to such an extent that the following will result: a distinct improvement in the environment, the standard of living and living conditions of its inhabitants, to a strengthening of supporting occupations and the diversification of the economic activities of agriculture, forest and water management, tourism and other fields that ensures the economic and social stability of the countryside thus achieving a standard of living comparable to the rural regions in the developed countries of the European Union.

The comparative advantages of life in the countryside increase the attractiveness of the countryside for living, working and doing business.

4 Overview and prospects

The specific characteristics of the agricultural labour force – especially the low level of education, poor level of requalification and low mobility, the sector’s increasing average age due to the low level of wages and the widening disparity between the wages in agriculture and those in other sectors, together with the low number of agricultural jobs unfavourably undermine the competitiveness of the agricultural labour force in the agrarian and rural labour market and the competitiveness of the sector as such.

One solution of this problem is the diversification of business activities into rural areas as possible sources of rural development and investment into human resource development in rural areas. The support of the modernisation of agricultural and food enterprises will contribute to the solution which will enhance higher productivity of work and be reflected in the level of wages in the agrarian sector. The development of consultancy oriented to the support of business is another possible solution of above mentioned problems.

5 References

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6 Annex of tables

Share of sectoral employment in regions of CR in 1998 and 2004

Region	2004				1998			
	primary		secondary	tertiary	primary		secondary	tertiary
	total	of which agriculture			total	of which agriculture		
Praha								
Number of employees: in ths.	2.1	1.6	123.8	474.8	3.1	1.9	146.4	474.8
in %	0.4	0.3	20.6	79.0	0.5	0.3	23.4	76.1
Stredočeský								
Number of employees: in ths.	28.3	22.4	199.9	318.9	36.5	28.3	211.8	287.4
in %	5.2	4.1	36.5	58.3	6.8	5.3	39.5	53.7
Jihočeský								
Number of employees: in ths.	19.0	13.3	122.8	154.9	28.1	19.4	122.0	150.3
in %	6.4	4.5	41.4	52.2	9.4	6.5	40.6	50.0
Plzeňský								
Number of employees: in ths.	12.3	9.2	112.4	138.7	21.2	17.1	112.1	132.8
in %	4.7	3.5	42.7	52.6	8.0	6.4	42.1	49.9
Karlovarský								
Number of employees: in ths.	9.7	2.4	55.9	77.1	11.6	2.2	56.3	82.0
in %	6.8	1.7	39.2	54.0	7.7	1.5	37.6	54.7
Ústecký								
Number of employees: in ths.	21.0	6.6	124.6	212.5	34.0	14.3	145.0	190.7
in %	5.9	1.8	34.8	59.3	9.2	3.9	39.2	51.6
Liberecký								
Number of employees: in ths.	8.6	4.7	103.9	91.6	10.6	5.2	100.3	88.1
in %	4.2	2.3	50.9	44.8	5.3	2.6	50.4	44.3
Královéhradecký								
Number of employees: in ths.	15.3	13.6	99.0	136.6	16.2	12.4	112.4	134.0
in %	6.1	5.4	39.4	54.4	6.2	4.7	42.8	51.0
Pardubický								
Number of employees: in ths.	15.1	11.8	103.9	111.0	20.5	16.6	105.3	118.2
in %	6.6	5.1	45.2	48.3	8.4	6.8	43.2	48.4
Vysocina								
Number of employees: in ths.	26.4	21.0	103.8	107.7	34.5	27.5	104.3	99.7
in %	11.1	8.8	43.6	45.3	14.5	11.5	43.7	41.8
Jihomoravský								
Number of employees: in ths.	28.0	22.8	193.9	287.0	35.8	29.0	205.3	294.3
in %	5.5	4.5	38.1	56.4	6.7	5.4	38.3	55.0
Olomoucký								
Number of employees: in ths.	20.2	14.4	112.4	142.3	28.1	18.9	128.8	136.6
in %	7.3	5.2	40.9	51.8	9.6	6.4	43.9	46.5
Zlínský								
Number of employees: in ths.	10.7	8.0	123.7	132.9	12.6	10.9	134.7	130.0
in %	4.0	3.0	46.3	49.7	4.5	3.9	48.6	46.9
Moravskoslezský								
Number of employees: in ths.	44.0	11.1	206.2	272.5	59.8	14.0	221.6	287.0
in %	8.4	2.1	39.4	52.1	10.5	2.5	39.0	50.5

Structure of employment in CR by sectors in 1998 and 2004

		2004	1998
Total workers	ths.	4707	4866
Primary sector	%	13.3	18.5
of which:			
- agriculture, forestry and fishing	%	10.9	15.2
- of which agriculture	%	8.9	12.6
Secondary sector	%	78.5	80.8
of which:			
- processing industry total	%	56.3	57.3
Tertiary sector	%	108.2	100.7