

# Development of agrarian employment in Slovakia after 2013

*Vývoj agrárnej zamestnanosti na Slovensku po roku 2013*

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**Abstract:** The article discusses the prediction of the agrarian employment development in Slovakia in the new programming period, i.e. in the perspective of 2014–2020. The introduction covers the analysis of the current state in 2009 when 65.3 thousand of persons were employed within agriculture. The development of employment in the target years will be characterised by the increased number of self-employed persons, the increased social polarisation between the owners of enterprises or managers and agricultural employees. The class of the socially degraded agricultural pensioners characterised by income deprivation will be formed. Under the influence of the EU CAP reform, the decline in agrarian employment in the less-productive Northern districts of Slovakia and significant spatial changes in labour force distribution are being expected in dependence on the productive conditions of the agricultural production.

**Key words:** changes in agrarian employment, entrepreneurial structure, social polarisation in agriculture, work seasonality, restructuring of agriculture

**Abstrakt:** Práca sa zaoberá predikciou vývoja agrárnej zamestnanosti na Slovensku v novom programovacom období, t.j. v horizonte rokov 2014–2020. V úvode analyzuje súčasný stav za rok 2009, v ktorom pracovalo v poľnohospodárstve 65,3 tis. osôb. Vývoj zamestnanosti v cieľových rokoch bude typický zvyšujúcim sa počtom samozamestnaných osôb, zvyšujúcou sa sociálnou polarizáciou medzi vlastníkmi podnikov resp. manažérmi a poľnohospodárskymi zamestnancami. Vznikne sociálne degradovaná vrstva poľnohospodárskych dôchodcov, ktorá bude príznačná príjmovou depriváciou. Vplyvom reformy SPP EÚ sa bude znižovať agrárna zamestnanosť v menej produkčných severných oblastiach Slovenska a dojde k výrazným priestorovým zmenám v rozložení pracovných síl v súlade s produkčnými podmienkami výroby.

**Kľúčové slová:** zmeny v agrárnej zamestnanosti, podnikateľská štruktúra, sociálna polarizácia v poľnohospodárstve, sezónnosť práce, reštrukturalizácia poľnohospodárstva

A recent decline in labour force within agriculture is considered as a side-effect of the continuous restructuring of the agricultural sector. Agriculture plays a less important role in the case of the new job-creation. Therefore, the future perspectives of agrarian employment will depend on the rate of the sector modernisation, the enhancement of human capital and the diversified utilisation of the internal development potential of the rural economy. It presumes the support for such activities predominantly, which will strengthen the growth of competitiveness based on the long-run factors such as the transfer of modern technologies, innovation support services, the targeted development of human resources, etc. On the other hand, the agricultural sector will get

rid of the non-qualified labour force gradually and will employ more seasonal workers potentially. On the basis of the analysis of agrarian employment development, the article discusses the potential view over this field for the programming period 2014–2020 (i.e. the period widely discussed in relation to the CAP reform).

## MATERIAL AND METHODS

The content of the article is based on the analysis and qualitative prediction of the full-area data. The sector statistics of the Statistical Office of the SR served as the primary data source and also secondary

ily processed data originated in the Farm Structure Survey. In this way, the data about the employment and entrepreneurial structure within the agriculture were obtained. Moreover, the methods based on the analysis of scientific papers, general statistics, research writings and the analysis of the quantitative indicators related to the agrarian employment were applied in this paper.

## RESULTS AND DISCUSSION

### Current state of agrarian employment

Before 1989, the agricultural sector in Slovakia was characterised by a high social employment, particularly in the Southern and South-Eastern districts of Slovakia with the underdeveloped economic infrastructure. Especially the marginal social groups (Roma population, unqualified workers, rural women, pensioners, etc.), i.e. the segment of the employable population without having any local employment prospects was employed within agriculture. The agricultural sector served as some kind of social charity in marginal territories. During the transition period, a significant decline in the number of employees in the main job (before known as permanent active workers) within the primary agricultural production was recorded.

The number of these persons reached 351.2 thousand in 1989 and in 2009 it dropped to 65.3 thousand, i.e. it was reduced to one-fifth that represented 2.4% of the economically active population in Slovakia, and the relative employment reached 3.3 workers per 100 ha of agricultural land. To a certain extent, the slight social employment rate which is characterised by the effort to keep the part of senior employees employed if possible, in connection with their continuous transfer into the social security system (the retirement system mainly), is still noticeably present in agricultural co-operatives.

The primary attribute of the restructuring within the agriculture was the process of the gradual and extensive growth of labour productivity, but with a

massive displacement of the part of workers into the unemployment register. The model of agricultural economics with growing productivity but socially unfavourable impacts such as a high unemployment rate and also a very low employment participation of the above mentioned population were pursued. The agrarian employment in organisations with 20 and more employees has been created by the agricultural co-operatives predominantly (in 2009, approx. 60% of the total agrarian employment). In the long-run view, the decreasing share of employees and the increasing share of entrepreneurs have been recorded (e.g. in 2000 the share of employees in agriculture reached 96.9% and the share of entrepreneurs 3% only).

For example, in the period 2000–2008, the employment within the agricultural sector declined by one third but the number of persons working on the basis of an agreement for the performance of work increased 2.5 times. A significantly progressive increase in the share of persons working out of the official labour relation was characteristic for all forms of legal entities within agriculture.

During the last two decades, the following trends and new elements have emerged within the agricultural sector:

- Massive redundancies of non-qualified and low-qualified employees, the formation of the solid agrarian unemployment core,
- Deterioration of the age structure which has been accompanied by a slight improvement in the qualification structure,
- Penetrative turn-out of the seasonal labour force utilisation, especially in the case of new legal persons as well as private farmers,
- Increase in the diversity of the entrepreneurial structure within agriculture,
- Emphasising of the ethnic contour of the primary agricultural production firmly fixed on the polarity of productive conditions within the agricultural sector<sup>1</sup>,
- Evident trends towards diversified activities performed by entrepreneurial entities<sup>2</sup>, etc.

The group of agricultural employees that could be considered as the “winners” in 1990 – (the aver-

<sup>1</sup>The Hungarian minority living predominantly in 16 South districts of Slovakia which are strongly connected with agricultural activities even though the intensity of this connection decreases. Considering the shocking way of employment reduction in the agricultural sector and the low requalification abilities of those persons, the process of their employment incorporation is rather slow. Unequal emplacement of those people in the labour market results from their reduced employability in the labour market (Buchta 2000).

<sup>2</sup>According to the Farm Structure Survey in 2007, all forms of legal persons increased diversification activities in comparison with the previous years. The share of legal persons (53%) performing diversification activities was higher than the share of the registered natural persons (30%). In 2007, every second legal person and every third natural person running a business within the agricultural sector carried out other business activities too.

age wage in agriculture exceeded the national average by 11.2% and the number of employees reached 350 thousand of persons) has got into the group of the “losers” after the transformation of the agricultural sector (in 2009, the number of employees dropped to 65.3 thousand of persons and the average wage was lower by 26.1% than the national average wage in Slovakia). A significantly lower price of labour in agriculture and the employment insecurity contribute to the handicapping of work within the agricultural sector that turns into the existential alternative for the continuously diminishing group of rural population. In the conditions of market economy, the agricultural population has been displaced into the secondary labour market<sup>3</sup>. Some social groups have perceived that situation as a stigmatised and anomical fall of the status (mainly in the social group of agricultural population which at the end of the last decade of the 20th century “exhausted” the earlier accumulated capital from the combined income – from legal employment and from the intensive self-subsistence farming).

Several authors state that the agricultural population/rural population shows a lower income, a lower living standard (Vavrejšnová and Lupsík 2007), also a lower quality of life (Pospěch et al. 2009) and a negative trend in the demographic potential (Spěšná et al. 2009; Svatošová 2008) in comparison with the urban population.

The increased unemployment rate within this population and the absence of the additional income opportunities (related to their lifetime career and professional abilities) disable the further improvement of their financial situation resulting in the increased regressive vertical social mobility. This insecure agricultural population which has been gradually shifted to the secondary labour market is getting through the processes of social marginalisation and exclusion.

### **Prospective development**

Agricultural activities will create a noticeable share in the employment and the rural economy in the agriculturally most productive districts. In other, mainly heavy industrialised areas, agriculture will form a

complementary element for the utilisation of the disposable production resources and its main social assets will consist in the maintenance of natural resources and the environment for the residential, recreational and production functions of the territory.

Agriculture will continue to facilitate the maintenance of the settlement also in remote areas, outside the urban centres, and to provide the employment opportunities for people with reduced space mobility due to objective reasons. However, the development of agrarian employment will be unbalanced territorially, more dynamic in productive areas of South or South-Western Slovakia.

The space-eccentric distribution of the agrarian employment (in total) logically results from the geographic distribution of legal entities within the agricultural sector in the SR, which is illustrated on the enclosed maps (Figure 1 and 2)<sup>4</sup>.

In the field of agrarian employment, the following changes will occur in the observed time horizon:

- (1) Decrease in the total employment within agriculture will be dampened by the increase in the number of self-employed persons; i.e. it is the substitution of the dependent employment by the self-employment. The decision to become a self-employed person is not based on the entrepreneurship or creativeness (self-employed persons do not favour this status) but it means some kind of defence mechanism for the partial income provision at least (Morvay 2010). In certain extent, it also means the protection against unemployment. The employers will keep only a part of the core employees and will prefer co-operation with self-employed workers to the employment of own employees. When the growth in the demand and production proves as sustained, the employers will increase the number of workers precautiously. This indicates some kind of “conversion” from the dependent employment to the self-employment. If needed, the employer will sew up time-limited contract activities through the self-employment persons. Those persons are self-employed formally but at the same time, they are economically (income) dependent on one client. Basically, they work for the same employer but without the employment relation. The character of this form of work or

<sup>3</sup>The theory of labour market segmentation (Mareš 1994) differentiates between the primary market which is characterised by well salaried and stable jobs with diverse work activities, career development and the secondary labour market with low wages, unemployment risk, fragmented career and routine work without career development opportunity.

<sup>4</sup>According to the Farm Structure Survey in 2007, there were 50% of the farms of legal persons and 56% of the farms of natural persons allocated in twenty productive South districts of Slovakia. This indicates that the employment within agriculture is geographically concentrated in the South areas predominantly.

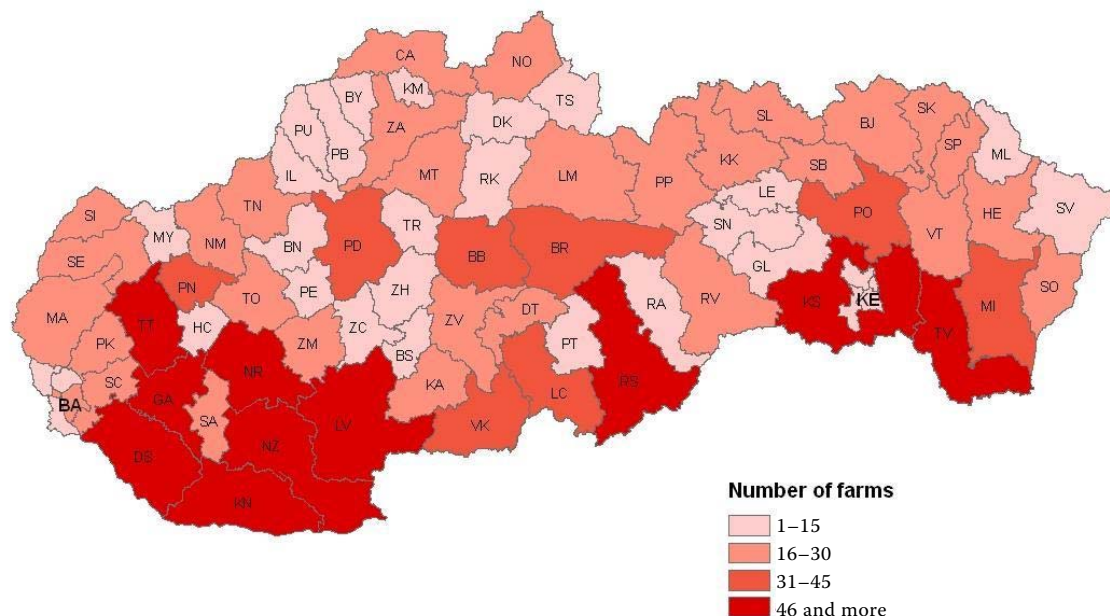


Figure 1. Number of farms according to district in 2007 – legal persons

Source: Statistical Office of the SR

service provision becomes ambiguous objectively and its social acceptability is disputable.  
 (2) Under the influence of economic restructuring on the entrepreneurial farm structure, the social polarisation between the owners of enterprises/

managers<sup>5</sup> and their employees, or between the economically strong and less successful self-employed farmers. The business elite formation of agricultural owners and managers is being expected. Some strong business groups have already

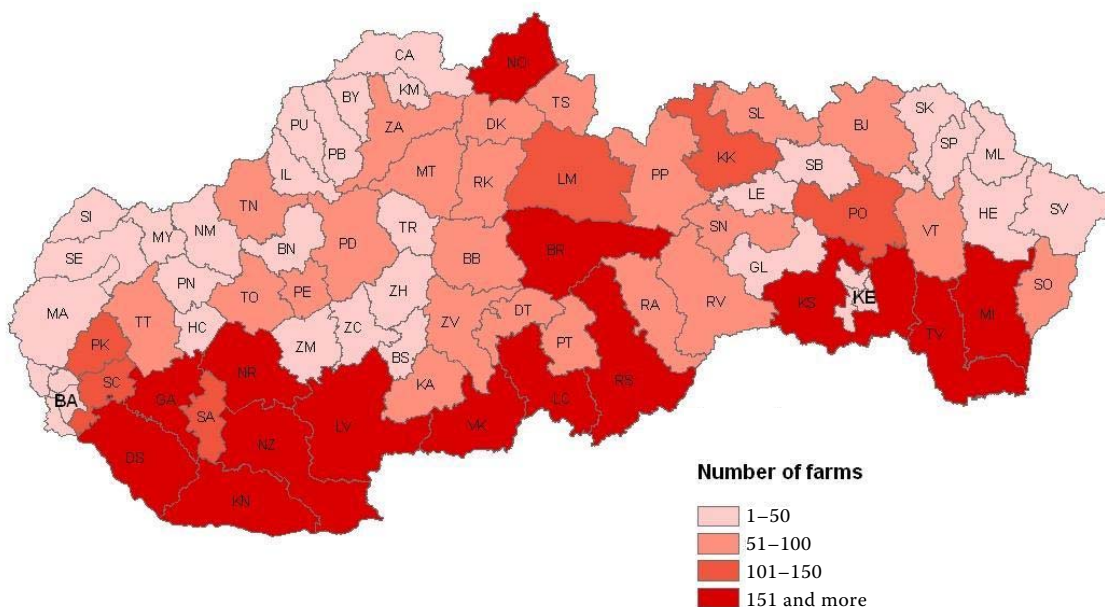


Figure 2. Number of farms according to district in 2007 – natural persons

Source: Farm Structure Survey – Complete Results (2007)

<sup>5</sup>Often they are the former managers of agricultural co-operatives and state property which made use of the information monopoly and the previously created personal linkages, and also highly qualified “self-taught” businessmen which during the transition period have established successful enterprises and expanded into the new environment.

been formed within this sector of the economy. Primarily, this polarisation covers the generation of two extreme categories: new agrarian business elite and new class of agricultural workers (employees) with low wages.

- (3) The demand for qualified manual labour force and creative management with business aptitude will be increased. Within the group of core employees, the share of managers and technical workers will increase slightly at the expense of manual workers. The age structure will be slightly improved.
- (4) The class of socially degraded pensioners – former employees of agricultural enterprises and hardly employable non-qualified labour force that will compensate its income deprivation by some self-subsistence activities – will arise as a side-effect of the new reproduction of the labour force and the transformation of the agriculture (Buchta and Štulrajter 2008).
- (5) Anticipated transfer of funds from the 1<sup>st</sup> pillar of the CAP into the 2<sup>nd</sup> pillar will result in the increased investment support into the productive areas mainly. A transfer of the flat rate and inefficiently targeted payments of the first pillar to enhance the competitiveness of agriculture should ensure the increase in the directness of funds. From the regional perspective, the support for extensive regions will be reduced and on the other hand, more funds will flow into the productive regions. The support intended for the rationalisation of agricultural structures will contribute to a more dynamic decrease in agrarian employment in the less productive Northern areas of Slovakia.

In terms of employment, the “absorption capacity” of the primary agricultural production will be minimal considering the surplus of labour force in rural areas, and the unemployed labour force will be predominantly utilised during the period of high demand for seasonal work. The share of fixed employment relations within the primary production will decrease continuously but the share of workers with short-term work agreements or with other forms of non-contract relations will increase.

In the near future, the development of employment within the agrarian sector will lead to the decrease in the share of occupational labour relations and the increase in flexible agreements in line with the immediate need for labour force and the seasonal fluctuations. Moreover, in the structure of agricultural labour force, the effect and the relevance of the category “family members and coadjutants” which will absorb a part of the post-productive age population

or unemployed family members eventually, will rise in the farms of the registered natural persons in the first place. The agricultural population with the fixed employment status will diminish continuously and it will be concentrated in the farms of legal persons in the first place. At the same time, the importance and the role of other status forms and structures of the labour force will advance, in the farms of natural persons mainly. The number of labour force within the agricultural sector will be very variable, timely cyclical and structurally differentiated. The cost-saving type of employment in the agricultural sector (with the repetitive utilisation of the already tested and examined labour force reservoir) will be promoted by the means of the labour relation segmentation – through the short-term employment agreements. Numerous entrepreneurial entities in the agricultural sector will organise their working activities in the way of the increasing diversified and selective utilisation of workers including various forms of contracts, decentralisation of activities that will consequently be carried out by sub-suppliers or self-employed workers. Some of the entrepreneurial entities will consist of the management only and the production activities will be performed by subcontractors, independent workers (tradesmen) and seasonal workers employed on the basis of agreements for the performance of work.

## CONCLUSION

In terms of the Single European Market and the support instruments of the Common Agricultural Policy, the gradual rationalisation of the production allocation in compliance with the criteria of economic efficiency will be taken into consideration. In consequence of the initialisation of this process, the reinforcement of the enterprise and regional specialisation of the agricultural production is being expected. The restructuring and territorial reallocation of the production in compliance with the natural conditions of production will lead to the significant production efficiency growth and, as already mentioned above, it will be reflected in the spatial distribution of labour force within the agriculture. The pluriactivity of small farms and the diversification of the medium and larger farms will be intensified.

Assuming that the noticeable positive changes in agrarian employment will become real in the long-term horizon, the pragmatic short-term opportunities indicate that the agricultural employment (in the horizon after 2013) will have a slightly declining or stagnating trend with a higher seasonal oscillation which will consequently influence the average number

of workers and also the total employment rate within agriculture. The process of gradual transition from the extensive labour productivity growth to the path of labour productivity growth based on the innovation and technological progress will be considered as the initial sign of the continuous transformation and restructuring of agriculture.

A noticeable segment of agricultural enterprises will increase their competitiveness through the economic activities based on innovation and technological improvements.

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