

Labour market and agricultural population

Trh práce a poľnohospodárska populácia

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Abstract: The article analyses situation on the labour market in 1999–2003, with particular focus on the agricultural population, and explains the pressure that forces agricultural employers to reduce their full-time staff and rely more on the seasonal and short-term employment arrangements. In the recent past, the segment of rotating workers (who take up short-term seasonal jobs between periods of unemployment), has taken on quite a significant dimension. The article also analyses territorial aggregations with high incidence of agricultural unemployment. It points at the regular, seasonal and increased layouts of agricultural workers who end up in the register of unemployed. It identifies the social risk connected with the seasonal type of work arrangements in agriculture from the viewpoint of the labour and social protection and increased social marginalisation of this social group.

Key words: regionalisation of agricultural unemployment, contribution of agriculture to unemployment, seasonal workers, social protection of workers in agriculture, social marginalisation of agricultural population

Abstrakt: Príspevok sa zaoberá analýzou trhu práce za obdobie 1999–2003 s osobitným zreteľom na poľnohospodársku populáciu vrátane tlaku poľnohospodárskych zamestnávateľov na obmedzovanie stálych zamestnaneckých vzťahov a vzniku sezónnych, krátkodobých úväzkov. V ostatných rokoch sa v poľnohospodárstve objavuje výrazný segment rotujúcich pracovníkov, ktorí cirkulujú medzi krátkodobým sezónnym zamestnaním a opätovnou evidenciou v nezamestnanosti. Analyzuje regionálne priestorové agregácie s vysokým výskytom agrárnej nezamestnanosti. Ukazuje na pravidelné, sezónne zvýšené prítoky poľnohospodárskych pracovníkov do evidencie nezamestnanosti v priebehu roka. Identifikuje sociálne riziká sezónnosti zamestnávania pracovníkov v poľnohospodárstve z hľadiska ich pracovnej a sociálnej ochrany a posunu k sociálnej marginalizácii tejto sociálnej skupiny.

Kľúčové slová: regionalizácia agrárnej nezamestnanosti, prítok osôb z poľnohospodárstva do nezamestnanosti, sezónni pracovníci, sociálna ochrana pracovníkov z poľnohospodárstva, sociálna marginalizácia poľnohospodárskej populácie

High unemployment has traditionally been the biggest economic and social problem of the Slovak economy. Over the past years, the rate of unemployment oscillated around 16 to 18% (according to the ILO methodology, i.e. based on a labour force sample survey) and remains one of the highest in the OECD countries. Under-utilisation of labour diminishes the growth potential of countries and prolonged periods of joblessness undermine the human potential of their economies. The raising of the retirement threshold (especially when those nearing the threshold are too old to get a job) does not solve the problem. On the contrary, it raises tension on the labour market. The current problems on the Slovak labour market can only be solved through economic growth, increased number of available jobs, and the activation of the redundant workforce.

Given the sluggish pace of job creation, many unemployed continue to rely on the extensive safety net. The inability of the Slovak economy to generate sufficient number of job opportunities for marginal workers has not improved any significantly in the recent past (OECD 2004). Unemployment concentrates in certain social cat-

egories of the rural population (farmers being one of them), which are marginalised on the labour market and/or suffer from economic exclusion.

NUMBER OF REGISTERED UNEMPLOYED FROM AGRICULTURE

The number of the registered unemployed (“RE”) from agriculture during 1999–2003 (year-end figures) consistently declined, except in 2003 when it increased by more than 1 000. The trend was the same also in the relative terms, i.e. as a percentage of the total number of unemployed (Figure 1).

The unemployed from the sector can be divided into three structures:

1. The “hard core” of the long-term jobless (mainly the category of auxiliary and non-qualified workers with low retraining flexibility) whose reintegration into the labour market is heavily impaired and who practically stand no chance of making it on the labour market even in periods of high demand for labour. According to the qualified

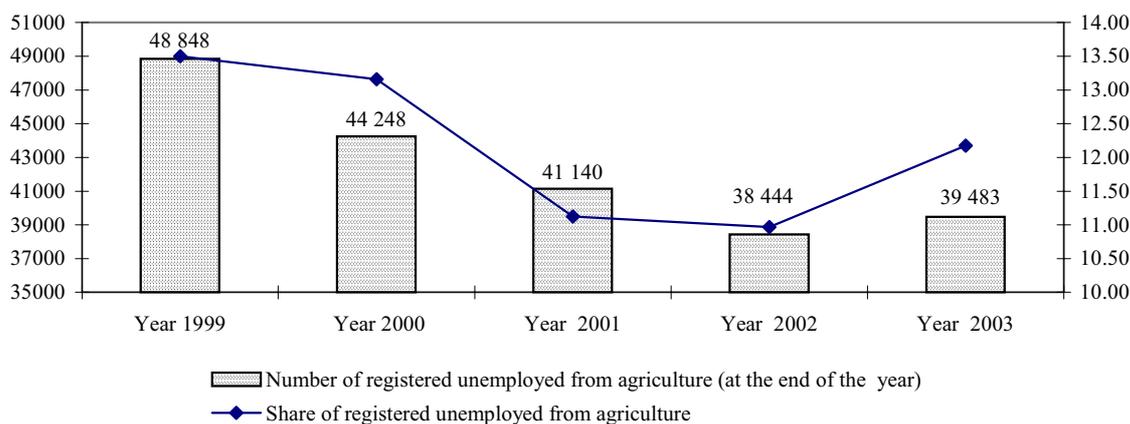


Figure 1. Unemployment in the agricultural population in absolute and relative terms (1999–2003)

Source: National Labour Office; Labour, Welfare and Family Office

analyses, this group represents 35–45% of the average number of unemployed from the agricultural sector.

2. The group of cyclically rotating workers who “circulate” between short-term seasonal jobs in agriculture and forestry (or take up low-paid jobs in the service or public welfare sectors) and joblessness. This segment represents about 40–45% of the average number of RE from agriculture.
3. The group of registered unemployed who are relatively successful in integrating into the labour market and whose chances of finding appropriate longer-term jobs or being retrained are good; they typically do not return into job lines. This segment represents only 10–25% of the average number of RE from agriculture.

Given the hitherto development in these groups, we expect that in the immediate future (by the year 2010) the first group (i.e. those whose chances of getting employment are dim) will gradually diminish, whereas the group of those who cyclically rotate between seasonal jobs and unemployment is expected to increase. This group is affected by the currently applicable legislation (Act No. 461/2003 on Social Insurance, Act No. 5/2004 on Employment Services, etc.) in that their social protection has significantly weakened. (These persons are, for example, not entitled to unemployment benefits and, while unemployed, no one pays sickness and pension insurance benefits on their behalf, and the like). When reaching the retirement age (post-economic period of life), this marginalised group of agricultural population will be reliant on the lowest pensions near the subsistence minimum.

A more objective picture of the size and significance of the RE group from agriculture in a particular region can be obtained if we compare the total number of registered unemployed by sectors in that region. This structure (figures are for 2003) is evaluated at three levels:

- a. The regions where the group of registered unemployed from farming, forestry and fisheries is significant, accounting for more than 15% of the total number of RE in

the particular district (i.e. at least one in seven unemployed had his/her last job in the sector). This includes the districts of *Krupina, Gelnica, Velký Krtíš, Levoča, Turčianske Teplice, Komárno, Stará Ľubovňa, Kežmarok, Detva, Sobrance, Brezno, Poltár, Nové Zámky, Levice, Námestovo, Rimavská Sobota, Galanta, Medzilaborce, Trebišov, Banská Štiavnica, Tvrdošín*.

- b. The regions where the group of registered unemployed from the farming sector is significant, accounting for more than 10% of the total number of RE in the district (i.e. at least one in ten unemployed had his/her last job in the farming sector). This includes the districts of *Velký Krtíš, Komárno, Krupina, Nové Zámky, Levice, Galanta, Rimavská Sobota, Sobrance, Levoča, Trebišov, Poltár, Dunajská Streda, Turčianske Teplice, Michalovce, Vranov nad Topľou, Medzilaborce, Námestovo, Detva, Stará Ľubovňa, Tvrdošín, Lučenec, Dolný Kubín, Bytča, Liptovský Mikuláš*.

- c. The regions where the group of registered unemployed from forestry is significant, accounting for more than 5% of the total number of RE in the district. This includes the districts of *Gelnica, Kežmarok, Brezno, Turčianske Teplice, Stará Ľubovňa, Levoča, Banská Štiavnica, Detva, Námestovo, Čadca*.

We divided the first group of districts into three regional types (they are almost analogical with the highest territorial concentration of non-registered farms run by natural persons, which indicates their increased outflow from the sector):

- The traditionally agricultural and predominantly rural districts without solid economic infrastructure, where farms are located in mountain and sub-mountain areas (*Levoča, Vranov nad Topľou, Turčianske Teplice, Medzilaborce, Námestovo, Tvrdošín, Dolný Kubín, Stará Ľubovňa, Sobrance, Bytča, Liptovský Mikuláš, atď.*).
- Districts that went through the rapid post-war industrialization and are currently affected by the process of economic restructuring; these districts have a tradition of private farming in dispersed settlements. Moreover,

these districts are economically underdeveloped, with many industries in deep recession and the selective process of de-industrialisation underway (Detva, Krupina, Poltár).

- Agriculturally productive areas of Southern and South-Eastern Slovakia (Komárno, Veľký Krtíš, Nové Zámky, Levice, Galanta, Rimavská Sobota, Dunajská Streda, Trebišov, Dunajská Streda, Michalovce, Lučenec, atď.).

In the year 2003, the unemployment data were available separately for the farming and forestry sectors. The percentage of the registered unemployed from agriculture and forestry reached 9.59% and 2.59%, respectively, of the total number of the sectorally identified unemployed persons. The ‘agricultural unemployment’ was thus 3.7 times higher than the ‘forestry unemployment’.

The highest percentages of agricultural unemployment were reported from the following clusters of districts:

1. from the agriculturally productive areas of Southern and South-Eastern Slovakia (Veľký Krtíš, Komárno, Nové Zámky, Levice, Galanta, Rimavská Sobota, Trebišov, Dunajská Streda, Michalovce, Lučenec, atď.)
2. from small districts of mountain or sub-mountain type, characterised by dispersed settlement (Krupina, Poltár, Detva, Žarnovica)
3. from the sub-mountain and mountain regions – particularly of North-Eastern Slovakia, Orava and Kysuce (Levoča, Medzilaborce, Stará Ľubovňa, Turčianske Teplice, Námestovo, Tvrdošín, Dolný Kubín, Bytča, Liptovský Mikuláš).

The territorial aggregations of the second and third type are characterised by high percentages of unemployed from forestry. It is realistic to assume that in the productive agricultural regions of Southern and South-Eastern Slovakia, only workers in the farming sector rotate between short-term seasonal jobs and job-lines, while the forestry workforce follows the same pattern in other regions.

The agricultural sector failed to follow the general trend of declining unemployment in other economic sectors during 2003 when the agricultural employment increased (in contrast, unemployment in the manufacturing and construction sectors has been declining since 2000). This has been caused by slightly increased layouts from agriculture and, in particular, impaired integration of this social group into the labour market (Table 1).

According to Mareš (2002), the marginalisation of the long-term or permanently unemployed, but also of persons with fragmented professional carriers that entail periods of employment and unemployment, combined with low wages and routine work under sub-standard working conditions (connected with what is euphemistically referred to as ‘flexible labour force’), cast doubt on the ethics of work, instigate social tensions, drive numerous segments of population into deprivation, and pose a social burden that may deepen the financial crisis of the state. The marginalised agricultural population is getting in such a situation and runs the risk of being ousted from the mainstream into excluded social positions. These people are dependent on the redistribution of funds outside the labour market, i.e. their income is deep below what is necessary to enjoy at least the average standard of living.

LAYOUTS FROM AGRICULTURE

In the period of 1999–2003, the annual layout of workers from agriculture (approximately 30 000 persons) declined continually, with the exception of 2003 when their number increased by 1,400. Nevertheless, the intra-year layout pattern is not linear. The number of redundancies from agriculture typically increases in October, culminates in November, and recedes in January. Each year from October until November, the farming entities rid themselves of their workers (either in one go or in several batches). This trend is particularly evident (and was fairly consistent in the period 1999–2003) in the Southern districts of the country (Dunajská Streda, Komárno, Levice, Nové Zámky, Veľký Krtíš, Rimavská Sobota, Michalovce and Trebišov). The increased rotation between employment and unemployment often occurs in the districts with relatively significant forestry sectors (e.g. Brezno, Gelnica, Čadca, Liptovský Mikuláš, etc.).

Apart from the position of agriculture in the economy, the absolute number of laid-out workers is also influenced by the size of the district concerned, and therefore the contribution of a particular sector to the total number of registered unemployed can be measured in a more correct and precise way if compared to the contributions from other sectors (in that district) to the total number of unemployed. This perspective eliminates the distortion caused by the size of the district in that the figures are measured

Table 1. Unemployment of workers with the last job in the agricultural sector, 1993–2003

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Farming and forestry (as of 31st December)	37 799	34 748	33 055	34 516	34 966	40 153	48 848	44 248	41 140	38 444	39 483
Share in the total number of sectorally identified unemployed (%)	20.1	17.2	15.0	15.1	15.3	13.8	13.50	13.16	11.12	10.96	12.18

Source: National Labour Office; Labour, Welfare and Family Office

Table 2. Number of unemployed from the agricultural sector (1999–2003)

Indicator	1999	2000	2001	2002	2003
Number of registered unemployed from agriculture (at the end of the year)	48 848	44 248	41 140	38 444	39 483
Number of registered unemployed from agriculture (as per 30 September)	32 257	29 684	26 418	24 800	23 652
Difference between the number of registered unemployed at the end of the year and as per 30 September	16 591	14 564	14 722	13 644	15 831
Share of registered unemployed from agriculture (at the end of the year)	13.5	13.16	11.12	10.96	12.18
Number of registered unemployed from agriculture (average of the year)	38 828	39 824	34 151	32 295	31 009
Number of registered unemployed from agriculture in the long term (average of the year)	17 541	18 051	14 903	14 454	13 169
Annual contribution of the agricultural sector to unemployment	33 219	32 509	30 599	29 366	30 784
Share of annual contribution of the agricultural sector to unemployment in total unemployment	7.18	7.42	6.43	6.73	7.65
Inter-annual decrease of workers from agriculture (in thousand)	6.9	15.8	17.9	15.6	

*Source: Agriculture in the Slovak Republic (selected indicators in the period of 1970–2002), SO SR, 2002

on and compared against a relatively objective and common basis (i.e. all registered unemployed in the district

Table 3. Comparison of districts with the highest average (five years) annual (2003) contribution of the agricultural sector to unemployment:

Districts	The five-year average of contribution from agriculture	Share of contribution from agriculture out of total contribution in 2003
Veľký Krtíš	21.0	21.6
Krupina	18.9	18.5
Gelnica	18.3	17.1
Brezno	15.7	14.9
Detva	15.4	15.5
Sobrance	15.2	16.1
Turčianske Teplice	14.9	15.4
Poltár	13.0	14.0
Komárno	12.8	15.5
Kežmarok	12.5	13.5
Stará Ľubovňa	11.8	11.6
Rimavská Sobota	11.8	13.5
Levice	11.7	12.9
Levoča	11.2	13.3
Medzilaborce	10.8	12.5
Vranov nad Topľou	10.7	9.9
Nové Zámky	10.5	12.2
Žarnovica	10.0	12.0

Source: National Labour Office; Labour, Welfare and Family Office

concerned); it also takes into account the weight of the sector concerned in the economic structure of the region.

Given the fact that differences in the number of unemployed from agriculture as of the end of the second and third quarter of the year (average numbers) reach approximately 15 000 and, on the other hand, the annual contribution of the agricultural sector to the total number of registered unemployed oscillates around 30 000–32 000 (see Table 2), the group of ‘regularly rotating agricultural workers’ represents approximately 15 000 persons.

The highest contribution of agriculture to the total number of registered unemployed (averages for the last five years) occurred in the following districts:

These figures (Table 3) show that, for example, one in five persons registered with the Labour Office in the district of Veľký Krtíš is an ex-agricultural worker (one in ten in the district of Nové Zámky, etc.). The average contribution figures for 2003 are very similar to the five-year averages and reflect the actual situation in 2003. Table 3 shows the actual deviations from the five-year average, which means that in the districts of Komárno, Rimavská Sobota, Levoča, Levice, Medzilaborce, Nové Zámky, Žarnovica, etc., the contribution of the sector to the 2003 unemployment considerably accelerated and reached above-average values.

PRESSURE TOWARDS MAKING THE EMPLOYMENT ARRANGEMENTS IN AGRICULTURE MORE FLEXIBLE AND COST EFFICIENT

In the regions with high contribution of the agricultural sector towards the overall unemployment, the potential of agricultural employment has been largely exhausted (albeit the decline continues, it is less dramati-

ic than in the past) and the employers in the sector are likely to prefer short-term seasonal job arrangements or, in some cases, transition from the conventional employer-employee relationship to short-term contracts with self-employed service or labour providers. On the other hand, there is stillroom for redundancies (i.e. layoff of workers who end up as 'registered unemployed') in agricultural cooperatives, which have so far been too 'welfare' oriented and reluctant to dismiss employees before reaching the age of retirement (or on a voluntary basis) and hire new young employees.¹

The cost-efficient type of employment (based on the repeated use of the well-tested pool of workers) has become dominant in the agricultural sector – short-term job contracts that avail no social protection to workers and have an adverse impact on the size of their retirement pensions.

Analytic surveys show that as the patterns of employment change, the scale and variety of work contracts broadens. The new forms of labour represent both an opportunity and risk to workers, particularly as regards their social protection. The absence of social protection has had a particularly negative impact upon agricultural seasonal workers and their families. At the same time, however, the absence of social rights and guarantees may be detrimental to the employers' interest and may have negative ramifications for macro-economic performance (e.g. economic and social impacts – reduced payment of mandatory contributions to the social insurance scheme, increased demand for social transfers, increased risk of social marginalisation and exclusion, etc.).

Apart from the traditional full-time employment, employers now tend to prefer hiring of workers under flexible arrangements that enable them to utilise labour in the most "rational and efficient" manner, at least from the employers' perspective. Many agricultural holdings organise their operations in a manner that ensures diversified and selective utilisation of the workforce available, including various types of contracts, outsourcing, or the hiring of self-employed service providers. Some agricultural holdings (farming cooperatives, in particular) use various combinations of employment and unemployment (for example the 8+4 model, based on which their workers are employed for 8 months and registered as unem-

ployed for the remaining 4 months). Also other models are used in practice, e.g. 9 + 3 or 10 + 2, sometimes combined with service contracts. The agricultural employers often force their full-time employees to change their status into self-employed persons. Although these persons are formally self-employed, they are economically dependent (in terms of income) on one client only. They basically work for their ex-employer as service providers. These arrangements for the provision of labour or services are objectively unclear and their social acceptance is disputable.

This new "dictate of flexibility" means that employers have fewer full-time staff and more external service and labour providers. The employers are thus in a stronger position on the labour market vis-à-vis the employees, they pragmatically confine their training-related expenses solely to the core group of their employees and, thereby, oust the non-qualified or unskilled workers to the secondary labour market. After the transformation, the group of agricultural workers – once considered "winners" (in 1990, the average wage in the sector was 11.2% higher than the national average and the sector employed over 300 000 persons) – found itself in the category of "losers" (in 2003, the sector employed only 59 100 persons and its average wage stood 28.2% below the national average).

Some smaller companies comprise only management; all other activities are outsourced to contractors, independent workers (sole-proprietors) and seasonal workers hired under service contracts, or illegal workers who are paid in-kind. This is one of the ways in which agricultural producers attempt to sustain the mounting competitive pressures.

In other words, the companies that employ workers on a full-time regular basis have a competitive disadvantage vis-à-vis those who behave cost-efficiently and outsource most of their operations to contractors or short-term service providers, without being obliged to pay mandatory contributions to the insurance schemes.

CONCLUSION

Market economy has pushed the agricultural population into the secondary labour market (Blaas 1999; Blaas, Buch-

¹ Although the decline of employment in the Slovak agricultural sector in 1989–1998 (OECD 2002) is the second highest (to Poland) in the V4 countries, there is still a considerable potential for further decline. There is a generally prevailing opinion that the capacity of the market to absorb layoffs from agriculture depends on the ability of the service sector to generate new jobs. However, there are critical voices in the service sector that refuse the so-called "employer's salvage" concept, pointing at the immense heterogeneity of professions in the service sector and also to the fact that new technologies are already integrated into the current sectors. Some authors (Loudin 2000, cf. Potuček 2002) believe that the introduction of new technologies and the inception of new professions in the service sector may, on the contrary, lead to the de-skilling of workers and create a "new type of non-qualification", as a result of which the perspective on the complex social problems may be superficial, indolent and narrow.

The qualification and professional structure in this group of unemployed is limited to the elementary education and basic vocational training. Together with the linguistic handicap (typical for the older agricultural population in southern and eastern regions of the state), the major part of this segment of unemployed is disqualified on the domestic labour market because it fails to satisfy the basic professional requirements. On the other hand, it is evident that the employment stimuli for this type of marginalised agricultural workers are feeble and their retraining flexibility impaired, not only in the service sector that is "demanding in terms of interactions", but also in the activities that require simple yet precise work on assembly lines (syndrome of 'stiff hands').

ta 1995; Buchta 2003). For some social groups, this has been a stigmatising fall in their social status (particularly in the welfare category of the agricultural population which, at the end of the 1990s, exhausted its previously accumulated capital from combined income, i.e. regular employment and income from semi-subsistence farming). The wide-spread unemployment among this population, as well as the absence of supplementary income opportunities in the field of their expertise, frustrate any effort to improve their financial standing and inflates their vertical social mobility into proportions that threaten social cohesion. In this new situation, the status of individuals in the society is much more dependent on their individual skills and abilities. The 'puzzled' agricultural population, which is gradually becoming a part of the secondary labour market, is being marginalised and is at the risk of poverty. This may potentially lead to their latent and evident aversion to the mainstream society and its standards and values. "Competition for the limited resources of the state instigates tension amongst the marginalised individuals and members of other excluded social (ethnic) groups" (Potůček 2002). One particular segment of the agricultural population, which had already gone through a period of long-term unemployment in the past (mainly the rural population of Southern and South-Eastern Slovakia), is showing symptoms of growing social and economic exclusion (Buchta 2000). This segment suffers from quite a significant differentiation in physical (housing segregation) and social (different way of life characterised by the culture of dependency) terms.

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Arrived on 14th September 2004

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