

# FORMATION AND FUNCTIONING OF AN AGRICULTURE LABOR MARKET OF THE CZECH REPUBLIC

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**Abstract:** The article examines the labor market situation in agriculture of the Czech Republic, considers the system of definition of rural areas. The basic problems of the labor market in agriculture of the Czech Republic are determined.

**Keywords:** Czech Republic, population, labor market, agriculture, employment.

The agriculture takes an important place in economy of many countries. For the majority of the countries with a large number of the population, such as China and India, it is a basis of economic system, as the share of economically active population engaged in agriculture and its specific weight in structure of GDP are high enough. In the developed countries of Europe the share of agriculture in GDP is insignificant, the employment rate is reduced. Despite this, the agricultural sector continues to remain an important part of the economy of developed countries, as it is the main source of food, guarantee food security and strategic stability.

The experience of many countries shows that the labor market is one of the most important elements of the market mechanism. Thanks to it, the country can effectively use the labor potential and create competition. The labor market distributes a variety of employment forms. Common problems, which any country faces, are reduction of the population and a lack of economic opportunities. Therefore, the study of the labor market countries, particularly the Czech Republic, is actually today.

Reduction of the population and lack of economic opportunities are common problems faced by European regions, especially small municipalities. Medium and small rural settlements are still facing depopulation, due to the problem of high unemployment and lack of job opportunities. (Testing between causality unemployment and population changes in rural areas in the Czech republic [site]. URL [http://ap.pef.czu.cz/Documents/proceedings\\_AP\\_2010.pdf](http://ap.pef.czu.cz/Documents/proceedings_AP_2010.pdf))

In rural areas of the Czech Republic live about 9,050,006 people (88.6% of the total population) and occupy the territory about 78,370 sq. km (99.4 percent of the total area). According to the OECD (Organization for Economic Cooperation and Development), only the capital of the country Prague gets to the category "city areas", other territories are rural.

Belonging to rural or urban area is defined by population and population density. The rural settlements of the Czech Republic are the settlement which number is constant and doesn't exceed 2000 people.

In 2012, the country's population was 10, 512 million, and the total number of municipalities is about 6250. The number of rural municipalities is 5581, and the number of rural residents decreased to 2.7 million people (25.7%). Thus, the share of agriculture of the Czech population is approximately the same as in Russia (27%), but higher than in France (23%), the U.S. (18%) and Brazil (14%).

In agriculture there are more men than women. It and is logical, because in agriculture big physical activity required with which the woman can't cope. However it isn't necessary to make the conclusion that the agriculture doesn't offer equal conditions and opportunities for the population. The unbalanced structure can be explained by the lack of interest of women to works in the agriculture sphere.

Population aging is another feature of the agricultural labor market Czech Republic. According to data for 2012, the number of people able to work is 71.2 % of the population, thus 47.4 % aged 45-59 years. The largest number of agricultural workers is in age of 49 years, while the number of young

people aged till 24 years only 5.1 %. It specifies to the fact that young people are looking for jobs in other sectors of the national economy and the agriculture for them less attractive place to work. (Majerová, 2010)

The average salary in agriculture reaches €720 in 2012 while in the industry makes €910 and €940 on the average on economy. The difference between salaries makes about €200, which indicates the low-paid in the agricultural sector.

The functioning of the labor market in rural areas is more dependent on state policy. In the Czech Republic there is a program for Rural Development for the 2007-2013 years. This strategy is directed on improvement of financial, physical and natural resources and diversification of agricultural economy to improve the welfare of the rural population. Also this strategy involves competition increase in this sphere of economy and improvement of quality of life in rural areas. The priority purposes are creation of a large number of new places, use of new power sources, stabilization of country people and production, and also improvement of the education quality. (Rural development program of Czech Republic for 2007-2013 [site]. URL [http://eagri.cz/public/web/file/10574/RDP\\_November\\_2008.pdf](http://eagri.cz/public/web/file/10574/RDP_November_2008.pdf))

One of the purposes of the Program for Rural Development in the Czech Republic is the improvement of the quality of life in rural areas and diversification of the agricultural economy. This objective includes three subgoals:

- creation of workplaces and encouragement the use of renewable energy sources. Strengthening of energy self-sufficiency in rural areas is very important, as it must greatly contribute to the achievement in the Czech republic of 8% of energy from renewable resources;
- improvement of rural infrastructure, including purification of exact waters, expansion of social service and preservation of a cultural heritage;
- increasing the skills and knowledge of rural businessmen.

One of the main purposes of the program is mobilization of the human and social capital in rural areas in order to improve social and economic stability of rural areas. Local groups of actions are the main for creation of the state-private partnership, which are able to plan the purposes of development in rural areas and corresponding strategies for achievement of these purposes.

The modern agricultural market of the Czech Republic is formed in the conditions of negative social and economic impact. The aging of the nation and the low level of salary make sphere of agriculture unattractive for new employees. Young people prefer to live in cities than in villages. To solve this problem it is necessary to develop a system by which to attract professionals. Firstly, it is necessary to develop infrastructure, to develop trade and a services sector, possibly even the development of agro-tourism, which has already developed in many European countries. Secondly, create new workplaces and conditions for life, and also raise additional funds through tourism services of the country.

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